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Labour blow as all-women lists outlawed

Party found guilty of discrimination

JOHN RENTOUL
STEPHEN WARD
and DONALD MACINTYRE

The Labour Party suffered the acute embarrassment yesterday of having its policy of selecting some Parliamentary candidates from women-only shortlists branded as unlawful sex discrimination.

The surprise decision is a serious blow for the party, which introduced the policy in 1993 to boost women's representation in parliament. It could also have a dramatic effect on the Conservative Party, which may now have to treat its selection processes as being covered by the Sex Discrimination Act.

The unanimous declaration by Leeds Industrial Tribunal forced Labour to suspend all 14 outstanding all-women selections, but a party spokeswoman insisted the position of the 34 women candidates already chosen from all-women short lists would not be affected.

The decision was held as a "historic judgment" by a "delighted" Peter Jenson, the party law lecturer and would-be candidate for two London constituencies who brought the case with Roger Dyas-Elliott, who was rejected as a candidate for Keighley, West Yorkshire.

Mr Jenson said: "The Labour Party has got to rewrite its selection procedures."

Shocked senior party sources last night strongly indicated that an appeal was certain after the tribunal issues its written judgment on 25 January. But Mr Jenson said the tribunal's decision was so emphatic that an appeal would be "lunacy", and called on Labour's Na-

tional Executive Committee to consider re-opening the 34 selections as "a matter of utmost urgency".

Rejecting the "ingenious but fallacious" arguments of James Goudie QC, for the Labour Party, tribunal chairman John Prophet said the policy was a clear case of sex discrimination.



under the 1975 Act. He said many people would regard the party's aim of increasing women's representation as a "laudable motive, but that has no relevance to the issue".

Mr Jenson found all his arguments accepted by the tribunal. Although being an MP was not "employment" in the usual sense, the tribunal ruled that it fell within the scope of the Act particularly in the light of the European Equal Treatment Directive of 1976 which outlawed sex discrimination in "access to all jobs or posts, whatever the sector or branch of activity".

Mr Jenson and Mr Dyas-E-

lliott did not seek compensation or ask for the choice of candidates in their cases to be reopened. Mr Dyas-Elliott said: "I am quite prepared to allow the Keighley result to stand. I have no prejudice at all against Anne Cryer."

Mrs Cryer, the wife of the late MP Bob Cryer, was chosen as the Labour candidate from an all-women shortlist.

But the ruling that 34 candidates have been chosen by an unlawful process places the Labour Party in an awkward position. Mr Jenson said that if the NEC ignored the ruling - which technically only applies to the constituencies he and Mr Dyas-Elliott sought - it would be "contempt of court".

Unless the party appeals and overturns the decision, it will also have to throw open the selection process in the dozen or so remaining women-only seats to men.

Tony Blair, the Labour leader, described the policy last summer as "not ideal at all", and said that it would not continue after the next election.

Mr Jenson said yesterday: "I am not at odds with Tony Blair. What I was upset about was that he said he was going to stop discriminating against men in two years time. Well, now he's going to stop discriminating from today."

The ruling also casts doubt over the legality of the Tory selection process, which has so far produced only three women candidates in 40 Tory-held seats, suggesting the party may be practising indirect sex discrimination against women.

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Leading article, page 14

Blair is lauded by Far East hard man

PATRICIA WYNN DAVIES
Political Correspondent

Tony Blair could secure a two-term Labour government and bring about reforms that eluded even Margaret Thatcher, Singapore's former Prime Minister Lee Kuan Yew said yesterday.

The accolade from one of Baroness Thatcher's most ardent admirers came as the Labour leader pledged a modernised welfare state and a commitment to tackle long-term unemployment as part of the "stakeholder economy" promised in the concluding speech of his Far East tour.

Spelling out the implications of Labour's answer to the Tory slogan of Britain as the "enterprise centre of Europe", Mr Blair said opportunity would be available to all in the "stakeholder" society created by a fu-

ture Labour government, with advancement through merit and with no group or class excluded. "We need a country in which we acknowledge an obligation collectively to ensure each citizen gets a stake in it," he told Singapore businessmen.

Labour's catchphrase was denounced as a soundbite by Michael Heseltine, the Deputy Prime Minister, while the Liberal Democrats said that far from finding a big idea in Singapore, Mr Blair had simply appropriated a concept that they had been advocating for years. The Liberal Democrat-sponsored Dahrendorf commission on Wealth Creation and Social Cohesion published last summer used very similar terminology.

Naming Mr Blair as a potential worthy successor to Baroness Thatcher, Mr Lee said in a BBC interview that Mr Blair was in the "right party" to

bring about reform, and could win two successive elections. While Mrs Thatcher had beaten Arthur Scargill, she never won the battle of the unions, he said. "Mr Blair speaks a different language for a different generation."

The Labour leader said that the old ways of sharing wealth - through the tax and benefit system - "won't do". A life dependent on the state, was not what most people wanted. The implications of creating a stakeholder economy were profound. "They mean a commitment by government to tackle long-term and structural unemployment."

Mr Heseltine countered: "Labour's latest soundbite is only a new disguise for their old corporatist ideas... Far from increasing the rights of the individual, they would impose ever greater central government regulation and control."

Analysis, page 2

New York becomes a wonderful town - for skiers



Whiteout: Skiers in New York's Times Square yesterday, after the city endured its worst blizzard this century. Report, page 7 Photograph: AP/Richard Drew

Red roses for Mitterrand as France mourns loss of a leader

STEPHEN JESSEL
Paris

Throughout the day they queued outside his office in the avenue Frédéric-Le Play to lay bunches of flowers or just to leave a red rose, the emblem of his party. François Mitterrand, the longest-serving president in French history, died yesterday morning in Paris at the age of 79, eight months after his 14-year period in office ended.

By early evening, with the lights of television cameras ranged on a huge derrick and the illumination of the Eiffel tower, the scene resembled a film set. The early edition of *Le Monde*, which is published in the afternoon in Paris, was delayed by two hours for the news of the former president's death to be given its due place.

Like him or not, and many French people did not, there was no doubting the sense in Paris yesterday of a historic event. On the streets, in the bars and in taxis, the conversation was all of the late president.

News of his death was given by his successor Jacques Chirac to journalists assembled at the Elysée Palace for the annual ceremony - subsequently postponed - at which the head of state gives them his best wishes for the coming year. Even at the last, it seemed, the wily old Socialist had got the better of Mr Chirac.

"For 14 years M. Mitterrand wrote an important page in the history of our country," said President Chirac of the man against whom he stood unsuccessfully for election to president in 1981 and 1988, paying



François Mitterrand: France's longest serving president

tribute to his role in ensuring the proper working of the institutions of the Fifth Republic. Mr Chirac singled out Mitterrand's role in making possible the smooth transition of power between the political right and left and his contribution to the building of Europe.

Tributes came from many parts of the political spectrum yesterday. The Prime Minister, Alain Juppé, spoke of his role

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A vicious irony
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in restoring pride to the French left and of his courage, describing him as a decisive figure of the end of the 20th century. Mr Juppé's predecessor Edouard Balladur described him as a statesman deeply imbued with a sense of the nation.

But perhaps the most significant and heartfelt of the tributes came from the other side of the Rhine. "Europe has lost a great statesman in François Mitterrand. I mourn for a good friend," said the German Chancellor, Helmut Kohl. The two embodied the Franco-German axis that has dominated the process of European integration, but which now looks shaky.

The legacy that Mitterrand has bequeathed to Jacques Chirac, and to France, is uncertain. Monetary union, which Mitterrand saw as the last, the best chance to cement the union, is in question; and France is struggling to come to terms with its place in Europe.

Not everyone will remember him with affection. "He did France no good. He was bad, all bad," said one Parisian. "He was dishonest and did France only ill." Another said: "He was a great Frenchman, and his death is an important national event."

After Mr Chirac's victory in May 1995 and a handover notable for its good-humoured nature, Mitterrand had largely disappeared from public view. He faced his cancer with a detached and philosophical resignation and great courage. "It's not dying that worries me. It's no longer being alive." Although visibly weakened he continued to work, write and

travel. He spent Christmas in Egypt, where photographs showed him to be very frail.

Mitterrand and his wife Danielle acquired, amid controversial circumstances, a small plot of land in a national park in the Morvan region of Burgundy for their tombs. But he is to be buried on Thursday in the family vault at Jarnac, the small town in the Charente region in the south west where he

spent his boyhood. The ceremony will be private but Mitterrand's passing will be marked in Paris by a rally and a solemn mass at Notre Dame that will take place simultaneously with the funeral in Jarnac.

The mixed reaction on the streets of Paris reflected the complicated and ambiguous nature of the man, more respected than loved; but few contested his intellect and courage.

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IN BRIEF

Riftkind to tackle Chinese
The Foreign Secretary, Malcolm Rifkind, plans to discuss the chilling reports of how Peking treats orphans, during his visit to China. Page 6

Granada's last assault
Granada, the television and leisure giant, was expected today to raise its bid for Forte in a last-ditch effort to win the hostile-takeover battle. Page 3

Today's weather
Sunny spells for most of the UK with some showers in western areas. Section Two, page 21

Branson snubs lottery bribes inquiry

REBECCA FOWLER

Richard Branson, the chairman of Virgin, has refused to co-operate with an investigation into Gtech, the American company that has a stake in the running of the British lottery, because he claims it will not be independent.

Mr Branson, who last month accused Gtech of offering him a bribe to drop out of the race to run the lottery, said the terms of reference for the investigation set up by Oflot, the

national lottery watchdog, were unsatisfactory.

His refusal is expected to embarrass lottery chiefs, following the lottery's most successful week in which 128 million tickets were sold in a frenzy for the record £42m jackpot.

The second of three winners came forward yesterday afternoon to claim their £14m share, and the *Sun* newspaper emerged as the winner of £104,746.

The third winning jackpot ticket has still not been presented to officials. Camelot,

the lottery operator, said it is not unusual for jackpot winners to bide their time, although whoever it is will be losing £2,000 in interest a day - which instead goes to the good causes fund.

Mr Branson said he objected to the appointment of Anne Rafferty QC, chairman of the Criminal Bar Association, to head the inquiry, not because he doubted her integrity but because he was concerned it was not an independent appointment.

She was chosen by Peter Davis, the head of Oflot who

fought off calls for his resignation in December after he admitted accepting free flights from Gtech.

"We would have been happy to co-operate with a genuinely independent inquiry, not only on the bribery allegations but also the way Gtech was vetted and has been monitored, but we have to believe the inquiry would be open with the right to cross-examine witnesses," Mr Branson said.

In a letter to Mr Davis, Mr Branson said he would rather

pursue his case in the courts. He has issued a writ against Gtech and Guy Snowden, chairman of the company, who he claims offered him an inducement, for claiming his allegations of bribery made in a *Panorama* interview are untrue.



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news

All-female shortlists: Industrial Tribunal ruling will not halt Labour's drive to modernise candidate selection

Commitment to women stays strong

WILL BENNETT

The drive to increase the number of women MPs will not be reversed by an industrial tribunal's decision that all-female shortlists are illegal. Labour candidates selected from such lists said yesterday.

Women chosen in the 34 constituencies where Labour has held all-women contests said that challenges from disgruntled male applicants are unlikely, and that party members would be unwilling to re-start the selection process.

They pointed out that most of the constituency parties involved had volunteered for all-women shortlists, and that it was only those which had opposed imposition of these lists which had attracted publicity.

But opponents of all-women lists welcomed the decision. Jim Geach, who resigned from the Labour Party in Falmouth and Camborne, Cornwall, over the issue, said he might take his case to an industrial tribunal.

Judy Mallaber, Labour candidate for Amber Valley, in Derbyshire, said: "I think that

most party members would be pretty fed up if they had to do what an industrial tribunal told them to do.

"However, I am concerned that it may stop the process in the seats where selection is still in progress. But whatever happens, there are going to be far more women in the next Parliament, and hopefully that will make a difference to the political culture."

The selection procedures in nine constituencies where all-women contests were to have been held have been halted

until the Labour Party decides how to react to the ruling by the Leeds tribunal. Six of these are in north-west England, and one each in London, East Anglia and Kent.

Pola Uddin, a nominee in the safe Labour seat of Bethnal Green and Bow, in the East End of London, said: "It is too early to say whether it is a setback. I can't really comment because obviously I have a personal interest in the process."

"But I was surprised by the ruling. I would think that we would not have started such a

process without having sought proper legal advice."

The imposition of a women-only list in the new east London seat triggered protests among local activists as the selection process had already begun, and as the list would exclude Asian male applicants in an area with the highest concentration of Bangladeshis in the country.

Sally Keeble, who was selected for Northampton North, said: "It was a surprising decision but in terms of most of the constituencies such as mine, they had all-women lists by

choice and there is wholehearted support for it."

Margaret Moran, candidate for Luton South, said: "Most of us are very disappointed and very surprised by the decision. I think that the party will be looking at an appeal, because we took legal advice and had the agreement of the Equal Opportunities Commission."

"But I don't think that it is going to be a major setback. The political culture is starting to change and will continue to change as more women get elected."

Candy Atherton, the first candidate to be selected from a voluntary all-women list when she was selected in Falmouth and Camborne, said: "A year ago all-women shortlists were an issue down here but now they are not."

However, Mr Geach, who wanted to stand as the Labour candidate in the constituency, said the tribunal's decision "has certainly sent a message to the Labour Party, which has a sexist policy in place... I am considering whether to take my case to a tribunal."

IN BRIEF

BBC inquiry into security breach

An investigation into security at the BBC has been set up after a drunk man was able to walk into the corporation's television centre in Shepherd's Bush, west London, and wander around while John Major was being interviewed, it emerged yesterday.

The 40-year-old intruder entered the BBC offices despite the posting of extra police and security guards for the Prime Minister's appearance on *Breakfast* with Frost on Sunday.

The man was wrestled to the ground by security guards. A BBC spokeswoman said: "We take the incident very seriously."

Police later released the man without charge.

Breast cancer aid

Family doctors were given new guidelines published by the NHS Breast Screening Programme on when to refer women with breast problems for specialist treatment. Each year GPs can expect three in 100 of their women patients to come to them with breast problems which may be cancer.

Murder case delay

A former nurse taken to hospital from a police cell with minor injuries an hour before she was due in court accused of murder is expected to go before magistrates today. Jeanette Veres, 62, was being detained overnight before appearing before magistrates at Horsham. West Sussex, charged with the murder of housekeeper Marion Addy at the country mansion of the family behind the Tuche Ross accountancy firm.

Bird deaths remand

James Allen, 18, of East Ham, and Royston Budge, 18, of Plashet, both east London, were remanded in custody charged with aggravated burglary with a firearm in connection with a break-in at Plashet Park Zoo, East Ham, in which dozens of exotic birds were slaughtered.

Meningitis delivery

A teenage meningitis victim was "poorly" after doctors performed an emergency Caesarean to save the life of her unborn baby. Doctors at South Cleveland hospital, Middlesbrough, decided to deliver the boy seven weeks premature after Stacey Cunliff, 17, was admitted with the virus. The child was "poorly but stable".

Cancer sacking

A firm dismissed an accountant after she was diagnosed as having cancer during her pregnancy, an industrial tribunal was told. Carole Coe, 30, of Tameside, Greater Manchester, who underwent chemotherapy and a hysterectomy after the birth of her daughter in 1994, planned to return to work at Tee-Gee Snacks in Leeds, West Yorkshire, but was sent a letter dismissing her from her £20,000-a-year job. The tribunal reserved judgment on her claim for sexual discrimination.

Determined battle for a fundamental principle

It was an extraordinary story of determined amateurs fighting for a passionately held principle against the weight of the legal and political establishment.

The story began early last year when Peter Jepson, a Labour party member for 16 years and part-time law lecturer, saw an advertisement in *Tribune*, the left wing weekly. It invited applications from women to be Labour's candidate in the new Labour constituency of Regent's Park and Kensington North in London.

"That doesn't look right to me," said Mr Jepson, who is writing a PhD thesis on racial discrimination called "Tackling Militant Racism". He showed to a law professor at London University who agreed that it was an interesting legal case. "I got home and looked up the Sex Discrimination Act and decided there was no case against the Labour Party," Mr Jepson said. But a few days later he looked at the textbooks again and realised that political parties were "qualifying bodies" under the Act, because they "facilitated" access to the job of being an MP.

So Mr Jepson applied to be considered as the Labour candidate for Regent's Park, and later for his home constituency of Brentford and Isleworth, which also had an all-woman shortlist. When he was rejected, he applied to an industrial tribunal for a declaration that the policy was against the law.

He later joined his case with that of Roger Dyas-Elliott, a mature student who wanted to be the Labour candidate Keighley, West Yorkshire, where an all-woman shortlist was imposed against the wishes of the local party by Labour's National Executive Committee.

The Labour party, despite having obtained counsel's opinion that the policy was lawful, took the challenge seriously. It

An advertisement in *Tribune* led to a legal fight, write John Rentoul and Donald Macintyre

was represented at the two-day case at Leeds industrial tribunal by a legal team of four led by QC James Goudie QC, a friend of the Labour leader. Mr Jepson represented himself and Mr Dyas-Elliott.

Mr Jepson pestered the Equal Opportunities Commission, which supported Labour's policy, until it agreed to give him access to its archives and to pay for a counsel's opinion on a point of European law.

The key case, called *Kalanke*, last year, concerned a German local authority which had a policy of giving preference to women where a man and a woman were found to be equally well qualified for a job.

This form of positive discrimination was found to be unlawful under the European Equal Treatment directive. The tribunal yesterday found that if that was unlawful, then a "total block" on men, as in Labour's policy, would also be against European law.

Yesterday, the chairman rebuked Mr Goudie for warning that the case had "profound constitutional consequences." He said: "Although Mr Goudie put it with impeccable politeness, we take it he regards this issue as being out of our league."

It was only then that the completeness of their victory started to dawn on the applicants. The tribunal found in their favour on every point. Even on the most politically sensitive question—whether it was up to a court to decide if a political party had a realistic chance of winning a seat—the tribunal found against Labour.



On the case: Peter Jepson (left) and Roger Dyas-Elliott

Blair's 'stakeholders economy' versus Major's 'enterprise centre'

TAG: Long-term aim of 10p starting rate, 'fairer' system but no return to 'punitive' tax rates.

ECONOMY AND SPENDING: Inflation target every 60 as tough as Tories', borrow to invest no longer target for public spending levels.

EMPLOYMENT: Mandate to fund employment and training programmes, minimum wages, EU Social Chapter.

PENSIONS: Possible 'minimum pension' guaranteed, possible new compulsory pensions for all, rather than rebuilding SERPS.

EDUCATION: End assisted places scheme to reduce primary school classes to 30, return grant-maintained schools to local authority influence, nursery places for 3 and 4 year olds, benefit for continued studies for unqualified 16-year olds.

HEALTH: Retain NHS, consider new social insurance for long-term care.



TAG: Aim for much lower taxes, goal of 20p standard rate.

ECONOMY AND SPENDING: Inflation below 2.5 per cent, public spending below 40 per cent GDE.

EMPLOYMENT: Tougher conditions for unemployment claimants, deregulation and no Social Chapter, some benefit-to-work measures.

PENSIONS: Keep state pension linked only to prices, reduce SERPS, encourage non-state personal and occupational pensions.

EDUCATION: Double secondary schools, expand GMS schools, encourage selective voucher experiment for nursery places.

HEALTH: Retain NHS, but tax and insurance breaks on-way to encourage private provision of long-term care.

A fair wind for radical changes

Analysis

Tony Blair's commitment to a "stakeholder's economy", in contrast to the Prime Minister's vision of Britain as the "enterprise centre of Europe" implies Labour endorsing sweeping changes to the welfare state.

It gives the fairest wind yet to the radical ideas for transforming welfare advocated by Frank Field, the Labour MP who is chairman of the cross-party Commons Social Security Committee.

And it makes likely an increasingly sharp division between the parties over the degree to which individuals and companies will be compelled to make provision for future pension and other welfare costs.

Some elements of the divide are already present. The Conservatives are committed to a

low-tax, deregulated economy with public spending below 40 per cent of GDP. With that goes increased reliance on means-tested benefits for the unemployed and private provision above the basic state pension.

Labour, by contrast, supports the EU Social Chapter, a minimum wage, a training levy on employers, new rights for the young to learn while on benefit, and, possibly, a guaranteed minimum pension.

But it is with Field's ideas—not yet adopted by Labour—that the division could become stark. Field's view is the conventional one that the electorate

will no longer vote for high levels of taxation to fund welfare, and that a benefit system which encourages high levels of unemployment must be reformed.

His proposals include setting up twin corporations, one to run and oversee second pensions—which might be provided by friendly societies, trade unions and the private sector as well as by the corporation itself—and the other to rebuild social insurance against unemployment, and for long-term care.

A key aim of the second corporation would be to reduce reliance on means-tested benefits. Both would involve compulsory contributions from both employers and employees, with the schemes run by them, independent of the Government.

The Government's role would be limited to a veto on contribution rates—and paying in contributions for the unemployed and perhaps the very low-paid. Individuals would own their own accounts, becoming individual stakeholders.

The redistribution in the system would be overt—from the payments the Government made for those who could not contribute themselves—rather than hidden in the tax and national insurance contributions. This might cut taxes. But it would involve compulsory, and possibly large, contributions to the new funds which both employers and employees might see as a tax by another name.

Field's package includes a transformation of social security offices so that they become job-search and training agen-

cies, not merely payees of benefit, linked to a draconian anti-fraud regime.

While Labour's ideas imply a much bigger welfare-to-work programme, the difference at present is in part one of degree. The Government already has a dozen small-scale schemes and pilot programmes which subsidise employees into work—on top of the rapidly growing Family Credit which now benefits 600,000 families at a cost of more than £1.5bn. Labour's present commitment to expand on that is limited to its one-off windfall tax on utilities—a measure which is not clear would have a lasting impact on the benefit bill.

Andrew Marr Column, page 15

Nicholas Timmins

First round in fight goes to whingeing males

Almost every political party bellyaches about the shortage of women in Parliament but until Labour started on its all-women shortlists it was mostly hypocritical blather, signifying nothing. Now the first serious attempt to alter the sex-balance in the Commons has been stopped by the courts. Round one to whingeing men.

Tony Blair himself hadn't much liked the policy of excluding male candidates in some winnable seats. It was hardly ideal. By resorting to compulsion Labour had published the embarrassing lack of enthusiasm among its con-

stituency associations for female candidates. It guaranteed bitter male resentment about the injustice of individual exclusion.

But which is the bigger injustice—that some able men are excluded from competing for a Labour candidacy, in some constituencies, for one election, or that so few able women have had the chance to become MPs throughout this century? Because a candidacy is the essential first step towards a political career, the silent prejudices of male political activists have accumulated to produce a loud and insistent national scandal.

The golf club networks, if we



ANDREW MARR

are talking of the Tories, and the beery trade union networks of the Labour movement, have spread their private bias into a vast range of public policies and national debates. We can't tell how our tax system, or education reform or attitudes to Eu-

rope have been affected by the lack of women in the Commons. But we can be sure they have been: had there been rough equality of the sexes, Britain in 1996 would have been a subtly different country. Or perhaps even a garishly different one.

In the short term, all Labour can do is to exhort local activists to select women from mixed shortlists. A conscious and unspoken bias at such meetings could not be challenged in law, any more than thousands of private conversations among male activists have been up to now.

In the longer term, voting reform is the next best answer.

The agreement between the Labour Party and Liberal Democrats in Scotland to achieve a rough balance of the sexes in the proposed Edinburgh Parliament was made more plausible by the proportional system being adopted there. It includes a list system for 56 of the 129 seats. A better system of PR would involve multi-member constituencies, in which women tend to be more often selected and returned.

That is for tomorrow. Today we can reflect that two men have won justice; but natural justice has lost, and a national injustice has been strengthened.

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Granada's last shot in battle of Little Chef



Sir Rocco Forte: Patrician chairman of hotels group

MATHEW HORSMAN

Granada, the television and leisure giant, was expected to raise its bid for Forte this morning in a last-ditch effort to win the dramatic and hostile battle.

There was also speculation it would pounce in early trading today, attempting to snap up a block of Forte shares to anchor its takeover bid.

At stake is ownership of Forte's chain of luxury, mid-market and budget hotels, as well as its 420 Little Chef and Happy Eater restaurants.

The consensus in the City was for an increased offer in cash and shares worth about 370p,

and a fully funded cash offer of about 350p, valuing Forte at about £3.6bn.

Granada was also expected to unveil additional details today of its plan to enhance Forte's profitability by £100m a year.

But there were widely divergent views last night, as analysts and dealers tried to second guess Granada's chief executive, Gerry Robinson. Some analysts were calling for a "knock-out" bid of perhaps 380p a share. But Granada sources cautioned against too high a figure, pointing out that Granada's own shareholders, many of whom also own stock in Forte, would be uncomfortable if the company

was seen to be overpaying merely to clinch the battle.

"Gerry is definitely between a rock and a hard place," said one analyst. "If he bids too high, it will look unjustifiable by his own analysis of Forte's prospects. But if he bids too low, he'll lose."

The finely balanced decision was believed by City analysts to be too close to call. A leading leisure analyst said: "There are four options: either he walks away, leaves the same bid on the table, increases it by a bit, or by a lot. Clearly, Granada has managed to keep its intentions very close to its chest."

The company had until today

to sweeten its offer under Takeover Panel rules. Granada kept the City guessing over the weekend, insisting that a final decision had not yet been made.

But one City source said: "All the signs are there, and I feel sure Gerry is not going to walk away now."

Meanwhile, Forte hit back yesterday at criticism from Henry Stanton, Granada's finance director, who accused Forte of deliberately misleading shareholders in their final bid document. Just as Granada's directors sat down for an afternoon board meeting convened to discuss the bid strategy, Forte publicly threatened to issue a

writ over Mr Stanton's remarks, published yesterday in the *Times*. When Granada refused to respond by 3pm, the deadline set by Forte's lawyers, the writ was duly issued.

The bid has been characterised by bitter and hostile exchanges, particularly between Sir Rocco Forte, the patrician chairman of the hotels group, and Mr Robinson, a self-made man of modest Irish origins.

Granada's initial offer, unveiled in November, was for four Granada shares and £23.25 in cash for every 15 Forte shares, worth about 327p a share. That constituted a 18.9 per cent premium on Forte's

share price on 21 November, the last day of trading before the bid was announced.

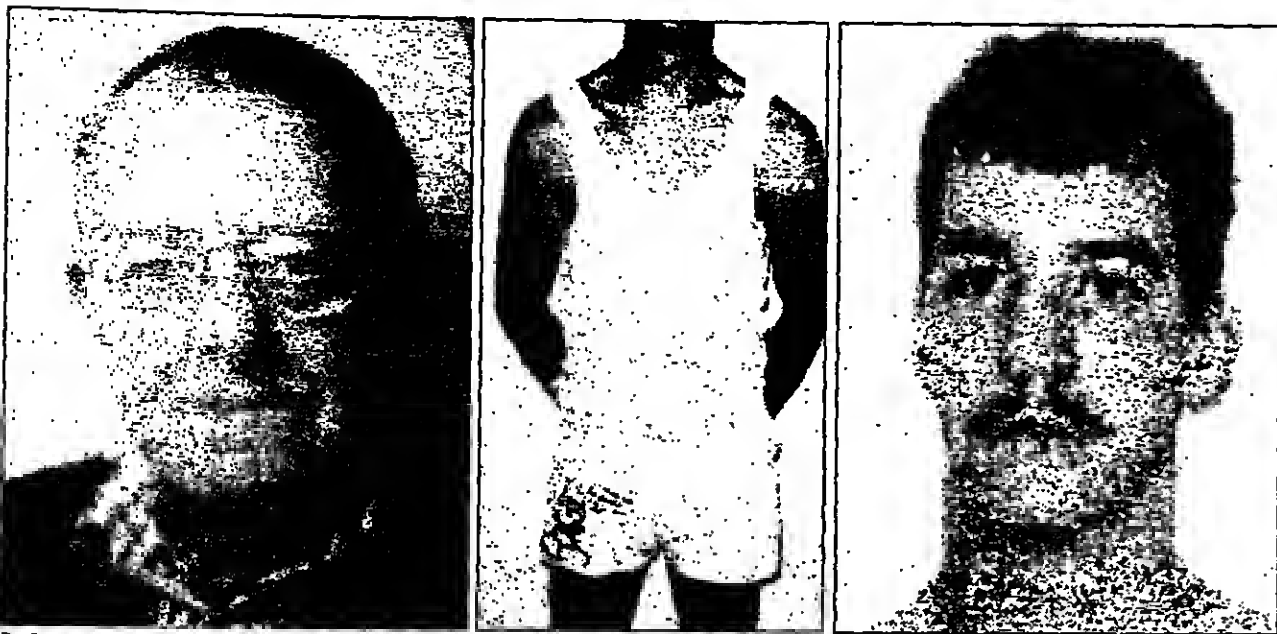
Forte's robust defence ever since has helped push its share price higher, and, by last night, it was trading at 344p, 17p ahead of the value of Granada's bid.

Granada was believed to be guided in its higher bid by estimates that Forte's own defence strategy - including an £800m share buy-back, the sale to Whitbread of the restaurant businesses for £1.05bn, and a distribution of Forte's 68 per cent stake in the Savoy Group of luxury hotels - was worth as much as 368p per Forte share.



Gerry Robinson: Self-made man who heads Granada

Retired vet hatched a plot to smuggle rare cockatoos in bras and underpants



Doing bird: Alan Griffiths (left) arranged egg smuggling in underwear used by Christopher Owen (centre and right)

PETER VICTOR and NICHOLAS SCHOON

A retired vet who hatched a plot to smuggle rare birds' eggs into Britain in couriers' bras and underpants was jailed for eight months yesterday.

Alan Griffiths, 68, a renowned expert on exotic birds, masterminded the plot to smuggle in and hatch Australian cockatoos which he then sold for thousands of pounds.

Swansea Crown Court was told that in one case alone, Griffiths, of Llandysul, Powys, reaped £40,000 for two breeding pairs of the rare birds that he hatched, raised and then sold to a Swiss collector.

The smuggling racket centred on several Australian species, including three types of black cockatoo. It has been illegal since 1960 to export these birds

from Australia. But their rarity in Britain has only served to force up their black market value.

The racket was uncovered when Australian Customs arrested a bricklayer, Christopher Owen, one of the gang's couriers, at Perth as he was about to board a flight to London. Investigators found secret pockets sewn into Owen's vest and underpants containing 29 native eggs - eight black cockatoos and 21 Galah birds - worth more than £100,000 on the black market.

Customs men then raided the home of his Perth connection, Bill Grumble, where they found a similarly adapted bra for female couriers. They found a note, thought to have been written by Mr Grumble, advising that the eggs should "slowly dribble" into Britain to avoid

suspicion. They also found aviaries full of birds and incubators bolder another 31 eggs. Owen was later jailed for six months in Australia.

The rest of the gang was rounded up. Christopher Owen's father, Terence, 51, a taxi driver, of Llanybydder, Dyfed, was subsequently jailed for two months. The court heard he recruited his son and two daughters into the gang.

Owen's daughter, Denise, 29, a computer programmer, and her sister Nicola Roderick, 27, a housewife, both of Llanybydder, were ordered to do 200 hours community service.

David Farmer, 41, of Haverfordwest, Dyfed, who hatched and raised the chicks in his aviaries, was jailed for six weeks.

When the customs men raided Griffiths' home they found and removed eight red-tailed

black cockatoos, seven white-tailed black cockatoos and one yellow-tailed black cockatoo. They also found a fax from his Swiss customer. At a hearing last November Griffiths admitted conspiring with others to evade restrictions on the importation of protected birds.

Mr Haw Davies, for the prosecution, said Customs investigators had evidence that a total of 69 eggs, mostly cockatoos, were illegally imported, although some failed to hatch. It was estimated the gang made around £54,000.

Sentencing Griffiths and ordering the confiscation of £29,500 assets from smuggling, Judge Tom Lewis-Bowen said he had seduced couriers into the gang, knowing full well they faced jail sentences if caught.

"These offences were committed for greed," he said.



Rare species: Black cockatoos of the type the gang tried to hatch in Britain for large profits. Photograph: Mary Clay

Hard sell of 'soft' drinks rapped

JOHN MCKIE

The head of the government-backed regulatory body for the brewing industry yesterday criticised the way that many alcoholic "soft" drinks have been marketed.

Dr John Rae, director of the Portman Group which meets tomorrow to discuss a new code of practice for the alcohol industry, said the industry's image had to be "whiter than white".

Last night he criticised the approach of firms such as Bass,

which has produced an "alcoholic lemonade". Hooper's Hooch, selling 2 million bottles a week, for encouraging an increase in under-age drinking.

Nigel Griffiths, Labour's consumer affairs spokesman, has already written to the Advertising Standards Authority and the Director-General of Fair Trading to complain about the drinks.

Dr Rae said: "Companies shouldn't use the names of drinks associated with children, like orange juice or lemonade. It's a pretty subjective area. I

don't mind Hooch using a smiling lemon to advertise their product but some people do. The industry has got to be seen to be completely dissociated from children. We have got to be whiter than white."

Many brewing firms have come under fire - including Bass for its use of a smiling lemon to promote its Hooch drink. A Caribbean drink, Tilt, with 5.5 per cent alcohol, a cider-based drink packaged in a light bulb, and another unnamed alcoholic drink which is bottled via a syringe were also

criticised by Dr Rae yesterday.

At tomorrow's meeting he intends to propose changes in "the naming, packaging and promotion" of alcoholic soft drinks and a code of practice with the leading brewing firms, all of whom sit on the group. He added: "The code is needed because otherwise these practices will proliferate."

He is likely to meet opposition from many of the big breweries, who feel that they have made enough concessions against under-age drinking. Ian Morris, the communica-

tions director for Bass, which plans to issue new alcoholic orange and blackcurrant drinks, said in response: "Dr John Rae's position need not necessarily be the position of the whole group. We strongly believe we have marketed our brand responsibly."

And Henry Pomeroy, the corporate communications director for Allied-Domestique wines and spirits division, who will also attend tomorrow's meeting, said: "As far as I'm concerned, the industry has acted extremely responsibly."

Morgue woman inquiry yet to reach conclusion

CLARE GARNER

The circumstances surrounding the case of Daphne Banks, the woman discovered to be alive only minutes before she was placed in a sealed body tray, was re-examined in Hinchingsbrook Hospital. The epileptic mother of three was saved from death by an undertaker, Ken Davison, 61, who spotted a twitching varicose vein in her leg while he was saying farewell to the woman he knew as a friend.

A hospital spokeswoman said: "Mrs Banks is progressing well but we don't yet know when she will be discharged." Mrs Banks' husband of 40 years, Claude Banks, 69, and her eldest daughter, Penny Young, 39, were due to visit her yesterday after attending the funeral of a family friend. Speaking from her parents' 200-acre farm in Stoneley, near Huntingdon, Cambridgeshire, Mrs Young said: "We just want mum to get home and all this to go away."

It was business as usual for Mr Davison yesterday. At the end of a day's work in St Neots he said: "I'm going to wait till Mrs Banks is better and out of hospital before I visit her. Her husband has said she is going to invite me over to have a cup of tea when it's all over. We'll go from there." He added: "The first night I couldn't sleep, it just kept going through my head. We wanted to tell somebody but couldn't because we had to keep it such a secret for about four days. I couldn't express myself to anyone. Now I've got it off my chest I feel better."

The doctor responsible for pronouncing Mrs Banks dead has not been identified. The Medical Defence Union, which advises its members on medico-legal issues, was handling enquiries on behalf of Dr David Roberts, the senior GP in Somers, Cambridgeshire, where Mrs Banks lives.

Decision time for Maxwell jury

The jury in the Maxwell trial retired to consider its verdicts yesterday after sitting through 121 days of evidence from more than 70 witnesses.

The seven women and five men have a mass of evidence to examine before delivering their verdicts on the charges against Kevin and Ian Maxwell - the sons of the late media magnate Robert Maxwell - and former Maxwell financial adviser Larry Trachtenberg.

They resume their deliberations today after spending the night at a hotel, and have now - in the words of the trial judge Lord Justice Phillips - to decide "where the truth lies".

Alan Suckling QC, leading the prosecution brought by the Serious Fraud Office, has alleged that the three defendants deliberately and dishonestly misused £22m worth of shares in the Israeli company, Teva, which belonged to pension funds. They were pledged for a

loan in the financially perilous days after Robert Maxwell's death at sea in November 1991 in a desperate bid to prop up his crumbling empire.

The three deny the charges of conspiring with his father to defraud the pension funds by misusing £100m worth of shares in another Israeli company, Sotex.

A fourth defendant Robert Bunn, 47, a former Maxwell accountant was accused with the other three of the Teva charge but was dropped from the case after suffering heart problems. The SFO still has to announce whether it will reopen the prosecution against him.

The judge has compiled a list of notes, headings and questions to help the jury. He has also told them they must be sure before they convict - suspicion that it was more likely than not the men had committed the offences was not enough.



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I thought I meant a lot more to him than that. How could he be so cheap?

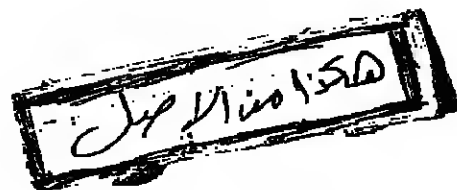
Anyway, the wedding and honeymoon have now been cancelled. I thought you should know.

Yours disappointealy
Michelle Brown

P.S. I'm keeping the Polo.



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Weapons dump teams ignored official sea site

NICHOLAS SCHOON
Environment Correspondent

Large quantities of shells, bombs and rockets were sunk in shallow waters near to the Scottish coastline instead of in a much deeper, officially designated dump site, the Government admitted yesterday.

Ministers also conceded that the construction of a gas pipeline between Scotland and Northern Ireland was probably responsible for thousands of phosphorus cylinders and other quantities of the munitions, dumped between the 1930s and 1976, being washed up on the coastline of south-west Scotland last year.

The Government believes there is little that can be done about the dumped explosives apart from altering marine charts to show a larger danger area. But Labour MPs and environmental organisations say much more underwater survey work is needed into the hazard.

A four-year-old boy was badly burnt on the hand when he picked up one of the canisters, the only casualty so far. The devices, including 30th wartime incendiary bombs, came ashore in

their greatest numbers last October during the two-month period in which the 26-mile pipeline was being laid in a seabed trench.

At one point, construction work was stopped because of worries about hitting munitions. The British Geological Survey also picked up seismic traces which it believes could be underwater explosions from the area.

All the munitions should have been dropped in the official Beaufort Dyke dump site, a 30-mile underwater valley where the sea is more than 700ft deep. The Ministry of Defence estimates some 1.7 million tonnes were sunk but admits that records were vague. The disposals reached their height in the decade after the Second World War.

However, trawlers have often brought up munitions from outside the zone while sailors on the dump ships have told of cargoes being dropped off early in bad weather.

For 10 days in November last year the Scottish Office research vessel *Chupea* carried out extensive survey work in the area, using sonar and under-

water video cameras. The scientists found hundreds of racks and crates of munitions on the seabed, north of the official dump site in the area crossed by the pipeline. The results of the study were announced yesterday.

The Scottish Office environment minister Lord Lindsay said: "The analysis from our scientists continues to be that [the munitions] are best left where they are and attempts to move them would pose unacceptable risks... they are not posing a risk where they are." The phosphorus cylinders are inert in water but begin to burn when exposed to air.

David Clark, Labour's defence spokesman, said: "After a year of trying to sweep this issue under the carpet the Government should have learnt that complacency and half measures are not the solution." He called for a full inquiry.

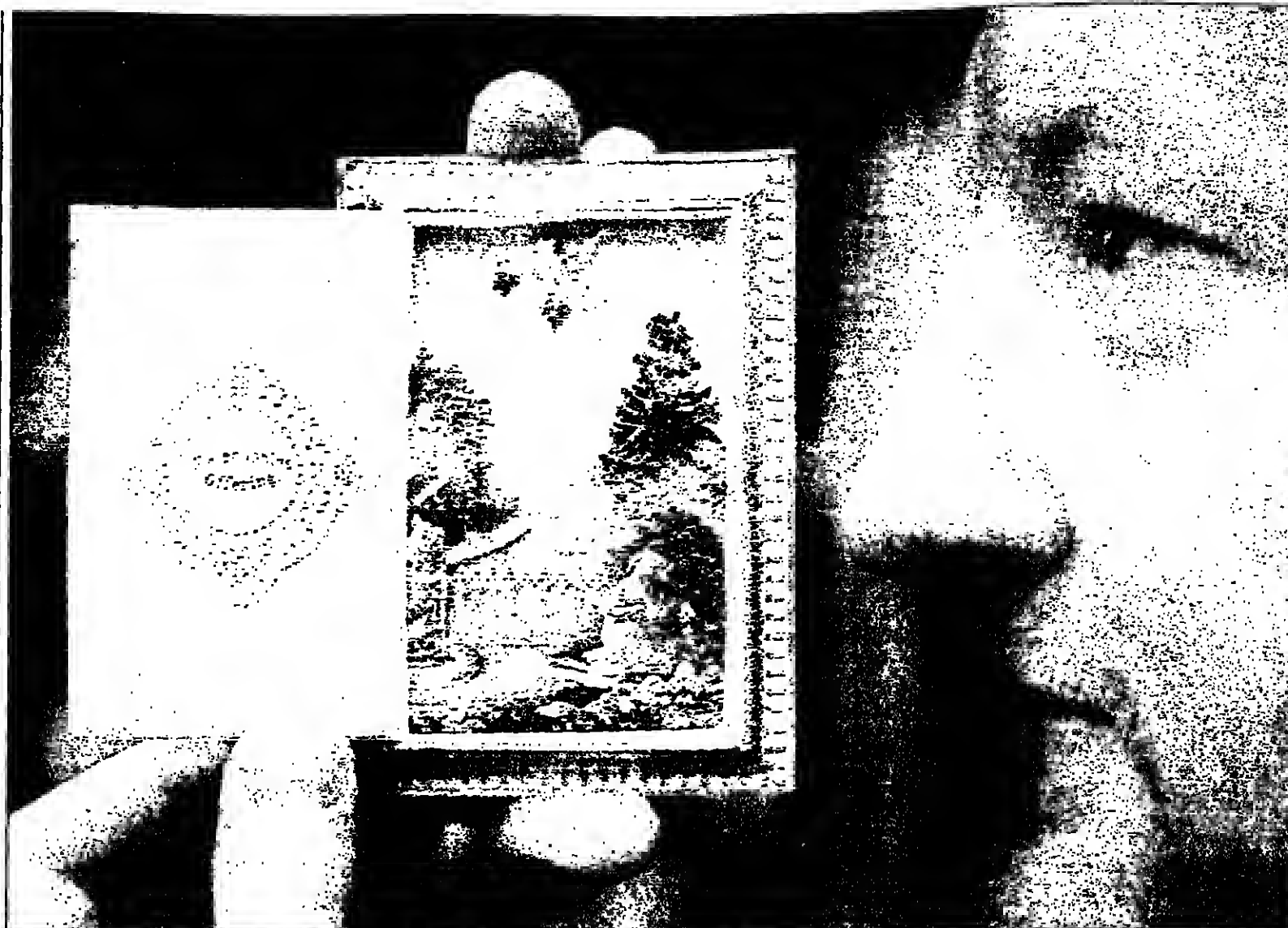
Friends of the Earth Scotland welcomed the survey, but called for more work before the public could be reassured. "The Ministry of Defence has got a lot of explaining to do," said Dr Richard Dixon, its head of research.

Lord Lindsay would not guarantee any future surveys. There was no proof that the pipeline construction had dislodged the munitions but acknowledged "there could be a link between the two".

The Scottish Office scientific survey found no evidence that fish and other marine life had been heavily contaminated by the munitions. The underwater video footage showed the seabed to have plenty of life.

British Gas said all the construction work had been done in "strict accordance with procedures agreed with the Department of Trade and Industry, the Health and Safety Executive and the Ministry of Defence".

A spokesman insisted that the line of the pipeline ran outside the dump site, but maps issued by the Government yesterday showed the pipeline touching a corner of the area.



Labour of love: Alexander Crum Ewing, head of the collectors' department at Bonhams' auctioneers, in London, examines an English card in the form of a small box, from the 1860s, estimated value £80-£100, which will be included in a sale of Valentine cards on 5 February. Photograph: John Voos

Dorrell points way forward for NHS

PATRICIA WYNN DAVIES
Political Correspondent

A crackdown on unnecessary operations or other questionable treatments was signalled last night by Stephen Dorrell, Secretary of State for Health.

But in a strongly "One-Nation" Millennium Lecture at the Manchester Business School, Mr Dorrell emphasised that no health authority should ration resources by ruling out clinically effective treatments.

"We must recognise in the first instance that it is a national health service," Mr Dorrell said, adding that "each health authority and fundholder must have available to them the funds which will allow them to deliver a quality of service to patients suffering from similar conditions which is broadly

comparable in different parts of the country."

The remarks came with a pledge not to introduce further management upheaval in the NHS, but to concentrate on how the structures were to be used and on pursuing the development of primary care - the services offered by GP practices as opposed to hospitals.

Mr Dorrell said there were limits to the acceptable range of variations in provision within a national health service and urged health authorities and GPs to challenge "surprisingly high treatment rates where this has not been shown to deliver better outcomes".

Highlighting the "surprising" variation in the percentage of Caesarean births in different hospitals, and "ineffective" grommet operations, Mr Dor-

rell said he would be making clear to the new-style health authorities beginning work in April that it would be "their task to challenge such variations".

He also highlighted areas where there were variations in the rates of coronary artery bypass grafts and other similar operations. "Those health authorities with low [CABG] rates, as well as those with the highest rates, should be asking whether their use of resources reflects clinical priority," Mr Dorrell said.

The Secretary of State's strictures appear to be intended to avoid a repeat of the furore over the refusal to treat the leukaemia patient, Child B, on the national health.

Spotlighting his commitment to developing primary care, he warned health authorities and

management of health provision, but emphasised that a policy that ruled out a clinically effective treatment was not acceptable.

"There should be no clinically effective treatment which a health authority decides as a matter of principle should not be provided," he said. "To ban treatment in such circumstances would be inconsistent with the principles on which the NHS is established and I do not believe that they represent acceptable practice."

Mr Dorrell's secretary's strictures appear to be intended to avoid a repeat of the furore over the refusal to treat the leukaemia patient, Child B, on the national health.

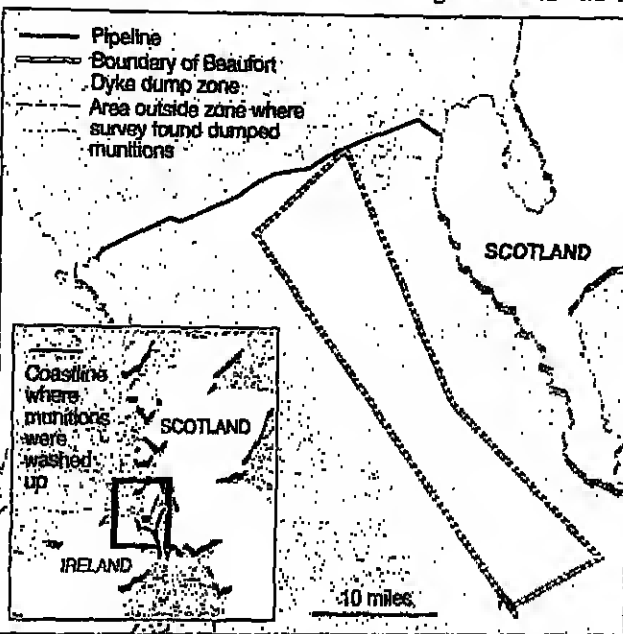
Spotlighting his commitment to developing primary care, he warned health authorities and

GP purchasers to "ensure that priorities are not distorted in favour of the hospital service".

Gerry Malone, the Health Minister, would lead an examination of the options for the development of primary care, Mr Dorrell said.

Sign-on fees of up to £2,000 are being offered by hospitals increasingly desperate to recruit nurses with specialist qualifications, writes Barrie Clement.

The jump sums are being paid at a time when nine out of ten National Health trusts are reporting shortages, especially in paediatric departments, intensive care and operating theatres. The trend is revealed in a survey conducted by Incomes Data Services which found that around 15 per cent of trusts were offering some sort of added inducement.



Contract plan attacked by critics as 'social selection'

JUDITH JUDD
Education Editor

Popular schools should be able to use home-school contracts on behaviour and attendance to select pupils, Gillian Shephard, the Secretary of State for Education, proposed yesterday, after John Major revealed at the weekend that the Government wants parents to sign formal contracts with schools.

Mrs Shephard, who outlined plans to give schools more freedom in selecting their pupils, said that willingness to sign a contract could be helpful in deciding which pupils should be admitted.

The proposals increase to 15 per cent from 10 per cent the

proportion of pupils that schools can select, without Mrs Shephard's permission, and change Government guidance saying that pupils should not be selected by interview.

The local authority-funded Local Schools Information said that the proposals may face a challenge in the courts as, by law, the Secretary of State's permission must be sought for any "significant" change in a school's character. The new guidance will affect mainly the 1,100 grant-maintained schools. Only a handful of local-authority schools have taken advantage of the right to select 10 per cent of their pupils.

Mrs Shephard said: "The removal of large areas of pre-

scription reflects our belief that schools and not the Department for Education and Employment are best placed to decide on admissions arrangements which reflect the wishes of parents and the community."

The Government did not, however, intend to make such contracts binding and compulsory in the first instance. Mrs Shephard said on BBC Radio 4's *The World at One* yesterday, but to "give the whole thing a real boost".

Labour, which has accused the Conservatives of stealing its idea of home-school contracts, said it wanted to use contracts to raise standards and improve behaviour, not as a way of selecting pupils. Local author-

ities, now mostly Labour controlled, said yesterday that they were very unlikely to sanction the use of contracts or parental interviews to select pupils in schools under their control.

Critics have accused the Government of introducing "social selection" by abandoning the restriction on interviews introduced two years ago.

Nigel de Gruchy, general secretary of the National Association of Schoolmasters Union of Women Teachers, said: "At least the 11-plus was open and reasonably objective. Today's announcements, particularly on parents' interviews, herald selection on social grounds by accent or the size of the family car."

Parents warm to terms of 'compact'

If a pupil at James Brindley High School in Stoke-on-Trent, Staffordshire, regularly fails to attend school, or is not properly dressed, his or her parents are likely to be reminded of the agreement they signed before their child arrived there.

The 800-pupil, inner-city comprehensive is one of a number which have already put into practice the plan for parent contracts advocated by Gillian Shephard, Secretary of State for Education. Under a "compact" introduced three years ago, parents are asked to sign a statement that they will send their children to school regularly, on time and properly dressed. They also agree to make sure they have the right pencils and PE kit and do their

Fran Abrams on a three-year-old 'deal' on pupil behaviour

homework properly, as well as promising to attend parents' meetings. New arrivals at school agree to work quietly in class, bring pens, pencils and rulers and not go out of school without permission. They must agree not to run down the corridors, bang doors, shout, or drop litter. In return, the school agrees to provide regular homework, written reports, a newsletter and a wide range of extra-curricular activities.

No one has refused to sign the agreement and admission to the school is not dependent upon it. But Dr John Wood, the

head teacher, says it is "a useful starting point for a conversation."

"We see this as an opportunity to set out the requirements of the school. These things tend to be a part of the work routine of every school, but maybe not every school sets it all down in one place."

Parents have welcomed the scheme. Joan Elson, who has two daughters at the school, said many of the requirements were second nature to her, adding: "Our children conformed to these things before they actually went to the school. But from the school's point of view maybe not all children realise that there are rules. It's nice for them to be able to get their parents to go along with them."



John Wood: Opportunity to outline school requirements

Navy helicopter in Atlantic rescue

IAN MACKINNON

A Royal Navy frigate was yesterday involved in the rescue of five Romanian seamen who were winched from mountainous seas hundreds of miles out into the Atlantic.

As weather conditions deteriorated and it appeared that the 4,000-tonne cargo vessel *Covansa* might sink, the master

and crew had to jump overboard so that the warship's Lynx helicopter could pick them up.

Last night, all the crew were well and HMS *Northumberland* was standing by the stricken vessel awaiting the arrival of a salvage tug.

The British ship was diverted from its passage to the South Atlantic when *Covansa* sent out a distress call after its en-

gines failed during a storm 300 miles south-west of Cape Finisterre.

The Romanian ship reported early on Sunday that 17 of its crew had abandoned ship, five in a lifeboat and 12 in a lifeboat.

A nearby Russian tanker picked up those in the lifeboat. However, because of the state of the seas, it took a number of

attempts to rescue those on board the lifeboat.

At first light yesterday, *Northumberland's* helicopter surveyed *Covansa* to see whether it was possible to lift the remaining five men to safety. But with 30ft waves breaking over the deck, it was decided that it would be safer for the men to don survival suits and be winched from the sea.

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news

China troubles: Foreign Secretary pledges to tackle sensitive issues in Hong Kong talks and to raise question of human rights

Rifkind hints at tough stance with Peking

STEPHEN VINES
Hong Kong

Malcolm Rifkind is taking an unexpectedly firm line on political and human rights issues as he starts his visit to China today. He is also going out of his way to lend support to Chris Patten, the Governor of Hong Kong, whom Peking has been trying to keep out of all negotiations over the colony's future.

The Foreign Secretary's visit to Peking has been upgraded to include sessions with both the Chinese President Jiang Zemin and the Prime Minister Li Peng, even though the Chinese embassy in London had warned that the Channel 4 documentary on the abuse of children in Chinese orphanages would cast a shadow over the trip.

Mr Rifkind dismissed this idea yesterday. "I don't think it

is relevant to the purpose of my visit," he said. However, he said he would be raising human rights, including making inquiries about the treatment of orphans in government care.

The talks are primarily aimed at clearing the backlog of unresolved issues concerning the transfer of power in Hong Kong. However, Mr Rifkind was careful to play down his chances. "I don't want to engage

in mindless optimism," he said. The Foreign Secretary stressed that he would discuss sensitive subjects whether or not they were raised by his hosts. In particular, he intends to criticise China's decision to disband the colony's legislature, a step taken in retaliation for Mr Patten's scheme to widen the scope of Legislative Council elections.

When Mr Rifkind last met his Chinese counterpart, Qian Qichen, in London last October, his failure to respond to Mr Qian's remarks about the need to disband the council came in for considerable comment in Hong Kong. Mr Rifkind told councillors yesterday that he regretted the "ambiguity" at the London meeting. Britain was firmly opposed to all plans for throwing out elected legislators. As if this will not be enough to ensure disquiet in Peking, the

Foreign Secretary went out of his way to stress support for Mr Patten. He told a businessman's lunch that he had "great admiration for the courage and clarity of vision" which the Governor had showed. Asked whether he was embarrassed to be presiding over the transfer of sovereignty when a recent opinion poll had shown that 74 per cent of the people were worried by it, he said he

could fully understand why Hong Kong people were uneasy about the transfer to Chinese rule. "In a sense I'm surprised that it's only 74 per cent not 100 per cent," Mr Rifkind said.

Mr Rifkind said without qualification that Britain had a "very special obligation, much more than any other country in the world", to those who may face political persecution following China's takeover.

Caring face fails to dispel charges of orphan abuse

Teresa Poole in Shanghai visits a home and finds questions unanswered

First there was the group tour of the physiotherapy centre, the computer room and a chance to sit in on morning lessons at the Shanghai Children's Welfare Institute, where well-fed, brightly-clad infants were being looked after by tender child-care workers.

Then came the repeated denials from officials about last weekend's accusations from Human Rights Watch (HRW) that babies and children within this orphanage faced deliberate starvation and physical abuse until 1993. "A big lie," said Han Weicheng, formerly director of the orphanage between 1989 and 1994, when asked about the report's data.

And finally, there was the only hard number that could be wrung from Mr Han despite hours of questioning. In 1989, he admitted, the mortality rate in the orphanage was about 19 per cent, the highest he could recall. "Because that year was very cold and we had an electricity failure," he added. The figure given by HRW for the same year, quoting Chinese government documents, was 22.7 per cent.

It was always going to be a difficult morning for the officials, faced with a group of foreign correspondents on a Foreign Ministry-organised tour of the Shanghai orphanage cited in the allegations of alarming death-rates. The government had been anxious that we should visit, especially if we had television cameras.

This was the country's showcase orphanage, the one where, according to our hosts, never a week went by without foreign

visitors, where foreign donations accounted for between one-sixth and one-third of funding, and where overseas couples came to adopt a Chinese child. But that was just as the HRW report itself had described it, claiming the institute had been sanitised in mid-1993.

Our group, however, wanted to talk about the situation before 1993. Could they provide annual figures for deaths so that these could be compared with evidence provided to HRW by Zhang Shuyun, a former doctor at the orphanage who fled China last year?

The hundreds of pages of orphanage records she struggled out show, for instance, that 153 infants and children died between December 1988 and December 1989, and 207 died between November 1991 and October 1992. The capacity of the orphanage has always been about 500.

"Actually," explained Mr Han, "many children when they arrive here are almost dead." The abandoned children's poor state of health on arrival was to blame for the deaths, officials repeatedly said.

Were they saying that the source documents reproduced in the HRW report were false? "I don't know. I have not seen the report," Mr Shi said, although Mr Han admitted seeing a table from the report.

The officials produced statistics that clashed with the figures in the report and there was no explanation of Ministry of Civil Affairs statistics which showed that in 1989 one quarter of inmates at China's urban orphanages died.



In the spotlight: Children being filmed at Shanghai Children's Welfare Institute (above) and a child tied to a potty-chair at the orphanage Photograph: Will Burgess/Reuters

At times the confrontation reached near farce. Over the past few days the picture of an emaciated 11-year-old boy, Jian Xun, has been published around the world showing him tied to a bed, 10 days before he died. Could someone explain the condition of the boy? Huang Jiachun, deputy director of the orphanage, leapt into action. Dr Zhang had "lost her common sense" in claiming that a boy named Jiang [sic] was in the picture, he said. They had checked the records and found that the only person to die on 17 July 1992 was Jian Xun—the orphanage officials had been misled by a translation error.

The boy in the photograph was indeed Jian Xun, it was finally admitted, though the allegations of neglect were flatly denied. The boy had become very sick, could not absorb food, and had been put on an intravenous drip. Mr Han said, "As the director of this institute, I never allowed anyone to tie children to the bed like this."

Mr Han said Dr Zhang had fabricated rumours about him because she coveted his job as director. He accused her of being "a woman with low moral standards", citing her attempts to be reimbursed for his fares when she went out on institute errands. He said she had instigated an orphan girl into making allegations that he was

guilty of rape. "I think she has a target. In this way [she] can go to America," he said. Shi Derong confirmed that there had been four inquiries by different Shanghai government departments between 1989 and 1992 into Dr Zhang's and other people's allegations. Mr Han was suspended for a year. At the end of 1992, the final investigation completely exonerated him and the orphanage. HRW alleged that the final report was a cover-up after Communist Party leaders in Shanghai decided the orphanage situation was a "human rights" issue that must not be made public.

The HRW report also cited evidence that since mid-1993 unwanted young orphans and abandoned children were being "dumped" instead at Shanghai's No 2 Social Welfare Institute on Chongming Island, about an hour and a half's journey out of the city, which houses mentally retarded and handicapped adults. It said many of the patterns of abuse and neglect had been transferred there.

Could we perhaps visit the institute? There could be a "problem", Mr Shi and Mr Han agreed. Some of the mentally handicapped inmates living there had families which would first have to be informed about a visit. "You can raise the request with the Foreign Ministry," Mr Shi said.

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Evidence of abuse may harm children

JOJO MOYES

The screening of a British documentary which exposes the systematic abuse of babies in Chinese state orphanages could do the children more harm than good, according to charity workers.

The Channel 4 documentary *Return to the Dying Rooms*, due to be shown tonight,

promises shocking new evidence that children are being deliberately neglected and allowed to die. It follows a documentary about an orphanage in Nanjing, shown last summer, which elicited condemnation of the Chinese authorities.

But according to the director of Mother's Choice, an international charity based in Hong Kong and one of the few

allowed to work in Chinese orphanages, the documentary may cause irreparable damage, with the children likely to be the losers.

"When the last documentary was shown it did a great deal of damage. Some things have still not returned to normal," Gary Stephens said yesterday. "It used to be that our staff in China could go freely

into the old orphanage and help. Since the *Dying Rooms* documentary was put out, only two staff members are now allowed in. [The Chinese] really closed it off."

Six weeks ago the charity opened the first Chinese joint-venture orphanage, also in Nanjing, in Guangxi province, where abandoned or orphaned babies arrive at the

rate of about 40 a month. The reporters who exposed the "dying rooms" gained access by pretending to work for Mother's Choice and following initial newspaper reports in 1993 the charity's relationship with the authorities was all but destroyed.

According to Mr Stephens, it took months before charity workers were able to go back in.

DAILY POEM

Swim Right Up to Me

By Katherine Pierpoint

*I first learnt to swim at home in my father's study
On the piano-stool, planted on the middle of the rug.
Stomach down, head up, arms and legs rowing hard:
I swam bravely, plunging up
The small room and its rubbery air.
Pinned on a crushed suckiness of stomach to tapestry.
The twin handles hard on my elbows on the back-stroke.
A view down through four bruised wooden legs
To the same thin spot in the rug.
My mother faced me, calling rhythmic encouragement,
Almost stepping back to let me swim up to her,
Reminding me to breathe:
And wiping my hair and eyes with her hand.
As I swam and swam on the furniture against a running tide,
Pig-cheeked, concentrating on pushing and pushing away,
Planning to learn to fly next, easy,
Higher than the kitchen table, even. The garden wall.*

Katherine Pierpoint's *Truffle Beds* (Faber), from which this poem is taken, is one of 10 collections shortlisted for the 1995 TS Eliot Prize, the winner of which is to be announced on Monday 15 January. Just ahead of the prize-giving ceremony, Katherine Pierpoint and her nine fellow shortlisted poets—Simon Armitage, Mark Doty, Ian Dugie, Michael Longley, Glyn Maxwell, Bernard O'Donoghue, Maurice Riordan, Jackie Willis and Cyn Wright—will be reading their poems at the Almeida Theatre, Islington, London N1, on Sunday 14 January at 7pm (Box Office 0171-359 4404). It promises to be the poetic banquet of the year.

Ticket Offer
The Independent, with the Poetry Book Society and the Almeida Theatre, is pleased to make an exclusive two for one reader offer to attend readings by the TS Eliot shortlisted Poets. The readings are at the Almeida Theatre on Sunday 14 January from 7pm. Ticket prices are £4 or £6. To take advantage of this offer, simply call the Almeida on 0171 359 4404 quoting "Independent Offer". Additionally, see Saturday's *Independent* for discount offer on the Poetry Book Society.

Labour sets rail sell-off trap

CHRISTIAN WOLMAR
Transport Correspondent

Labour yesterday called on disident Tory MPs to join its campaign against rail privatisation by voting with the Opposition in a forthcoming vote in the Commons.

Clare Short, Labour's transport spokeswoman, said as many as one in five Tory MPs had doubts about rail privatisation, according to a recent poll by the

Save Our Railways campaign group, and that Labour would be putting forward a parliamentary motion to enable them to express their opposition.

At the press launch, John Prescott, Labour's deputy leader, likened the forthcoming rail-privatisation vote to recent Labour victories in the Commons, such as that on fisheries policy last month. However, all the legislation which will enable the rail network to be sold off

has been passed and the only way of creating what Ms Short called a "voting opportunity" for potential rebels would be a Labour motion, which even the staunchest Tory opponents may be unwilling to support.

Ms Short said if the Labour motion was passed, "the Government would be morally bound to halt the process", although with three franchises already let, the Government is unlikely to pull back now.

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Lighthouse man tells of Chinook fireball in fog

JOHN ARLIDGE
Scotland Correspondent

A horrific picture of the helicopter disaster in which many of Northern Ireland's leading anti-terrorist experts from the army, police and intelligence services died emerged yesterday when the official inquiry into the Chinook crash on the Mull of Kintyre opened.

Relatives of the 29 people who died in the disaster wept as eyewitnesses described the moment when the Chinook ploughed into a 1,400ft mountain in thick fog on the evening of 2 June 1994.

Local people and emergency workers who witnessed the disaster gave evidence at the fatal-accident inquiry at Paisley Sheriff Court.

David Murchie, the Mull of

The Chinook was "not slowing down, speeding up, gaining height (or) altering course," he said. "There was no change in engine noise whatsoever... There was nothing abnormal that I could detect."

After the helicopter passed over the lighthouse, he said, "I heard a dull thud, followed by a whooshing... then silence. I knew immediately what had happened. I knew the helicopter had crashed."

He described how he rushed to the scene, frantically moving from body to body trying to revive the victims.

But the four-strong crew, as well as the nine army intelligence officers, six MI5 officers and 10 members of the RUC Special Branch, were already dead.

The court heard that all the men, who been travelling from Belfast to Fort George, near Inverness, for a top-secret security conference, died instantly.

Dr Marjorie Black, a forensic pathologist who examined more than half of the victims of the crash, said that they suffered massive multiple injuries, including skull fractures and broken backs.

Some were so badly burned that dental records were used for identification.

The fatal-accident inquiry, which is being held in Paisley rather than on the Mull of Kintyre to make it easier for witnesses to attend, is the first public and detailed investigation of the tragedy.

It will examine why the helicopter flew into the Scottish mainland at high speed and without warning.

An internal Ministry of Defence investigation last year blamed the pilots.

Flight Lieutenant Jonathan Tapper and his co-pilot, Flt Lt Richard Cook, were "grossly negligent" when they flew through "a dense wall of cloud" near the Scottish coast, the MoD found.

But lawyers representing the two men and relatives of the other victims, who fear that the pilots are being made scapegoats for the disaster, will challenge the finding.

They will present evidence that RAF investigators uncov-

ered safety problems with Chinook helicopters, including engine "flame-outs" and computer faults, just weeks before the crash.

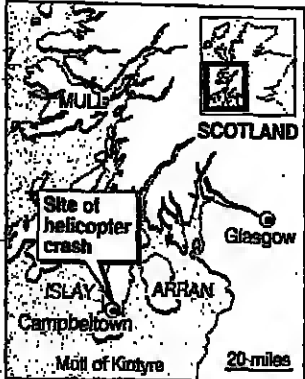
The Paisley inquiry is expected to last a month and to hear evidence from more than 50 witnesses.

Unlike coroners' courts in England and Wales, the Scottish Sheriff, Sir Stephen Young, who sits without a jury, is empowered to make binding recommendations to tighten safety or working practices on Chinook helicopters used by the RAF.

After the inquiry, relatives of the victims are likely to receive compensation payments totalling £6m.



Too hot to handle: Eddie Miller, who is believed to be the only bender of malacca cane in Britain, heats Indonesian malacca to form it to the correct shape to make umbrella handles at the factory of the umbrella makers Swaine Adeney Brigg, in Great Chesterford, Essex. Photograph: Brian Harris



Kintyre lighthouse-keeper, who was the first person on the scene, described how a fierce fireball erupted when the twin-engine aircraft struck the mountain, burning bodies and blackening the heather-clad slopes.

Charred human remains and smouldering aircraft debris littered the south face of Beinn na Lìce, on the tip of the remote peninsula.

Mr Murchie, a 56-year-old former trainee pilot and amateur helicopter enthusiast, is the only person who heard the aircraft approaching the Scottish coast on its flight from Belfast to Inverness and his evidence is critical to the inquiry.

He told the court that the American-made aircraft was flying normally, at cruising speed and showed no signs of distress.

Poll reignites Tory warfare over Europe

STEPHEN GOODWIN

John Major's warning against Tory party disunity was brushed aside within 24 hours yesterday as party Euro-sceptics vied with Sir Edward Heath and Edwina Currie for support for their respective stands on European Union and a single currency.

The schism was heightened by the release of a survey by the all-party European Movement, which showed that the British public was broadly pro-European but woefully ignorant of the detail.

Mrs Currie, a Movement vice-chairperson, said the stand taken by the sceptics was "wrong for our country and wrong for our party as well". The pro-Europeans intend a vigorous campaign to get across the benefits of EU membership.

Euro-sceptic backbenchers retaliated, while their Cabinet champion, Michael Portillo, renewed his attack on the defector Emma Nicholson, who is another vice-chairperson of the Movement.

The Secretary of State for Defence told BBC Radio 4's Today programme that a campaign had been "whipped up against me" after his criticism of Ms Nicholson. "The fact of the matter is that [she] did show disloyalty to two prime ministers in a row."

About 56 per cent of those who were polled by Gallup for the Movement described their knowledge of the EU as "poor, or very poor", with only 8 per cent claiming it was "good, or very good".

More than half of those polled - 56 per cent again - agreed that there ought to be "closer co-operation between countries of the EU, with Britain playing a leading role".

Nineteen per cent disagreed and 23 per cent were neutral.

Sir Edward, the Movement's president, said the poll confirmed that a majority supported the Prime Minister's view "that the United Kingdom should be at the heart of Europe".

"The poll also shows that people in Britain are poorly informed about the choices which lie ahead for Europe, in particular about the question of a single currency."

Of the 805 people questioned, 46 per cent said they had heard more of the arguments against a single currency than the arguments in favour. Only 18 per cent had heard more of a positive case.

But the Tory MP Graham Riddick said the Movement should point out that a single currency would involve the transfer of Britain's foreign reserves to Frankfurt.

"The control of interest rates and tax rates, and indeed economic policy generally, would almost certainly be transferred to the European Central Bank," he told Today.

Barry Legg, another sceptic, said that there were "profound conflicts" between the views of the pro-Europeans and traditional Conservative principles.

"How they can maintain their strong belief in Conservatism and the integrity of the United Kingdom if the UK doesn't have its own currency is difficult to reconcile," he said.

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FRANÇOIS MITTERRAND 1916-1996

A long dying ends with a vicious irony

MARY DEJEVSKY
Paris

François Mitterrand died as he had lived: with supreme timing and vicious political irony. At 11am, foreign journalists were assembled at the Elysée Palace for the solemn occasion of Jacques Chirac's New Year press conference. Instead of his personal message for the coming year, President Chirac found himself conveying the news of his predecessor's demise. His greetings were postponed for a week; the journalists, with a proper sense of priorities, rushed to the phones.

For Mitterrand's death yesterday, eight months and a day after leaving office, took France by surprise, if only because it was so long in coming. He died at 8.30am in the apartment that served as his office under the shadow of the Eiffel Tower. He was working on a new book: not his memoirs—he had spurned such clichés of past leaders—but a volume of history that was the product of his other life, as stylish writer and versatile intellectual.

Mortality, though, had accompanied Mitterrand for so many months that his dying had come to seem a permanent state. Few national leaders can have expressed themselves so publicly about their death or made such elaborate preparations for their posthumous image. Ever since the first reports that he was suffering from cancer of the prostate, almost two years before he completed his 14 years as President, his every public utterance seemed stamped with the knowledge of his, as it transpired, not so imminent demise.

He seemed to withdraw consciously from the routine of the presidency, taking a loftier, more detached view of himself and his role. His withdrawal was all the easier because the National Assembly was now (1993) in the hands of the right, and because the Prime Minister, Edouard Balladur, ran the government with just the right amount of autonomy and "correct" deference to the President.

Details of Mitterrand's illness and his treatment became widely known and published—suspended awkwardly between France's tight laws on personal privacy and the political issue that a leader's health inevitably becomes. Magazine readers knew that he had changed doctors, that a new (and very

expensive) treatment by a Swiss doctor had made the pain bearable, allowing him to work on, that he had dabbled in alternative medicine.

In interviews, he expatiated on his attitude to death. He paraded a highly intellectual agnosticism, logically not able to believe in a God but emotionally unable to embrace atheism. He appeared on French television's prestigious books programme in April, to be interviewed by the doyen of presenters, Bernard Pivot, about his recent book, a series of "conversations" with the anti-Nazi campaigner Elie Wiesel. With quivering hands and a facial pallor like a death mask that shocked viewers, he mused on matters of life and death.

Asked then for his favourite word, Mitterrand said: "Life". Asked what he would like God to say to him when he met him, he said: "If there is a God ... I would like him to say 'So, now you know'—and I hope he would say 'Welcome'."

One point of the book collaboration with Elie Wiesel, though, and a reason perhaps why he agreed to appear on television despite his weakness and pain, was to "set the record straight" about his relations with the Vichy regime and his continued association, if not friendship, with some of its leading players. Truculently, Mitterrand denied political sympathy with Vichy, but justified his long association with its former police chief, René Bousquet, insisting that he knew little of his past.

Added to the persistent whiffs of corruption surrounding his power in his latter years and the suicides in his retinue, the Vichy episode seemed to fit a pattern of dubious shifts in personal loyalty and questionable moral standards which suggested that, while possessing a rare intellectual breadth and quickness of mind, he was not an honest man. He gravitated towards power; he enjoyed the company of the great and the rich, and he liked the availability of money and honours without wanting to bear the responsibility for them.

It is easy to see how the so-called *affaires*—convoluted deals hovering between political patronage and overt corruption—flourished under his presidency. It is equally easy to see how those without his facility in dealing with the rich and powerful but with a more basic sense



Mortality had accompanied François Mitterrand for so many months that his dying had come to seem a permanent state

Photograph: Brian Harris

of honesty—like his one-time prime minister, Pierre Bérégovoy, who chose May Day 1993 to commit suicide—could find themselves trapped in a world whose rules were not theirs.

Failing to observe the natural border-line between the public and the private is a recurrent feature of Mitterrand's life and career. Assisted by France's privacy laws, he concealed not only a mistress and an illegitimate daughter, but also that they were handsomely housed and supported by public money. The emergence of the public eye in the past year—through snatched, and then posed, pictures in *Paris Match*

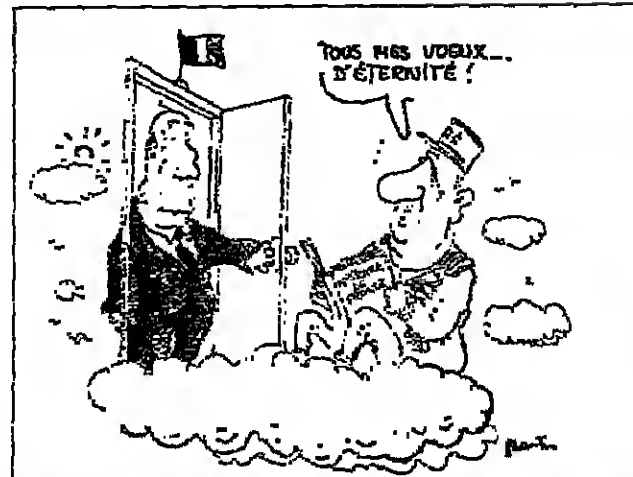
—was regarded cynically by many as a Mitterrand ploy, designed to smooth her passage after his death. Equally, it could have reflected the naive wish, once more, to set the record straight.

In his last weeks of office and the time that remained to him in retirement, Mitterrand was seen around his familiar haunts on the Left Bank, and made fleeting visits abroad, and in France, that looked like farewells. He revisited Venice, Brittany and his family's ancestral Whit and August gatherings, and he spent Christmas, with his family and Mazarine, at Aswan in Egypt.

Until recent months, there was an unspoken assumption

that Mitterrand was angling for a place in the Pantheon, the last resting place of France's most select, from revolutionaries to academics. Over the summer, however, it became known that he had bought—for a token sum—a burial plot in his beloved region of Morvan, on the historic site where Vercingetorix is said to have rallied the Gauls against the Romans.

The purchase is still controversial. But the dispute may turn out to be another of the former president's tricks on his fellow-countrymen. After a private funeral on Thursday, François Mitterrand is to be buried in the family grave at Jarnac, in Charente in western France—where he was born.



Le Monde's view yesterday: De Gaulle wishes Mitterrand 'All my best wishes ... for eternity'

Opponent charmed the Iron Lady

DONALD MACINTYRE
Political Editor

There was a curiously touching coda to the long and often stormy relationship that Margaret Thatcher and François Mitterrand enjoyed between his election as President in May 1981 and her fall in November 1990.

When on that day in Paris, during the Conference on Security and Co-operation in Europe, the Prime Minister heard she had failed to see off Michael Heseltine's challenge she faced the prospect of a banquet at the Palace of Versailles and a ballet. Needing time to compose herself, she sent a message that she would be late and that the banquet should start. When she finally arrived she found Mr Mitterrand waiting at the palace doors. "Of course we would never have started without you," the President said—and then, as she wrote later, "with the considerable charm at his command, he accompanied me inside as if I had just won an election instead of half-losing one."

Mitterrand's remark that Baroness Thatcher had the eyes of Caligula and the lips of Marilyn Monroe does only partial justice to a complex and intense relationship. It was as much characterised by the mutual respect of two big politicians as by the genuinely fundamental differences between their domestic and European political goals.

In the end, of course, they could never agree about the future of the European Union and the President's active participation in Helmut Kohl's project of an integrated Europe. Indeed, Lady Thatcher's main disappointment was that he did not have a more Gaullist adherence to a *Europe des nations*. But they agreed about some important aspects of foreign policy—not least on the Soviet Union, and at least in private, according to the British, on German unification.

Sir Charles Powell, her former foreign affairs private secretary, said yesterday in a BBC radio interview that relations between the two were warm—considering their deep differences. He described how she had once been impatient to end a meeting at the Elysée Palace because she had seen in *Paris-Match* some pictures of the President's lavishly refurbished private apartments. Naturally he obliged by showing her round. Sir Charles did not have time to tell of how he had waited with some apprehension as the two walked round the Elysée gardens during some especially tricky phase of Anglo-French relations. When they came into view he noticed the President's hand being handed with one of Lady Thatcher's handkerchiefs. Had she forgotten herself and lashed out at him with the famous handbag? Fortunately not. The President had been bitten by one of his dogs.

Kohl mourns a staunch ally

IMRE KARACS
Bonn

A sombre Helmut Kohl donned a black tie for the hastily arranged television appearance shortly after the news was flashed from Paris. "I mourn a good friend," the Chancellor said in a trembling voice.

No one could doubt that the sentiments were genuine. Despite coming from opposite ends of the political spectrum, François Mitterrand and Mr Kohl developed an intense personal relationship over the 13 years they tried to hold the reins of Europe in tandem.

Crucially, Mitterrand came to Chancellor Kohl's aid in 1983, backing his plan for new Nato missiles in West Germany despite protests from Bonn's Social Democrats. He stood hand-in-hand with him the next year at the memorial to the First World War battle of Verdun. Mr Kohl did not forget: during the campaign to ratify the Maastricht treaty he made an appearance on French television to back his friend the President.

The two *bons viveurs* seemed to revel in each other's company, staging Franco-German summits at intervals that were almost indecently frequent.

It was at these meetings that the Franco-German axis truly came into being, propelling the

continent towards closer integration. The two men, aided by Jacques Delors, then President of the European Commission, created the climate for the Maastricht treaty, and by establishing the Franco-German corps in 1990, raised defence co-operation to a new level.

They were convinced that only by locking their countries into a united Europe could they banish the prospect of another war between the two nations. Shaped by memories of the last war, Mitterrand and Mr Kohl had to draw deeply on their friendship when tackling

military matters. Even the touchy subject of the French nuclear umbrella, which Mitterrand offered to extend to Germany in 1993, was not allowed to disrupt the Franco-German axis.

Other thorny issues were swept under the carpet. Germans, and their government, pretended not to notice that their nation's greatest moment this century was very nearly spoilt by French objections. In 1990, when East and West Germany needed the approval of France, Britain, the US and Moscow for unification, Mitterrand—and

Margaret Thatcher—got cold feet, and only intense lobbying from Washington delivered their agreement.

The European Commission President, Jacques Santer, also paid tribute yesterday. "In the name of the European Commission I salute the memory of François Mitterrand," Mr Santer said. One of Mitterrand's last public speeches was a heartfelt address in Strasbourg, restating his credo: that only through integration could Europe defeat resurgent nationalism.

"Many of us who saw and heard him address the European Parliament for the last time in January last year were deeply impressed by his commitment to the development of the European Union," Pauline Green, leader of the European Socialists said. "His firm view that nationalism equals war is one that we will never forget."

With Mitterrand's departure from the political arena last summer, the Franco-German axis has seemed in danger of reverting to a myth. In Jacques Chirac, the German Chancellor now has an ideological soul-mate in power in Paris, but one with whom he has so far failed to establish a real rapport. Without Mitterrand, Mr Kohl has been left as the lone giant on the European stage, a role for which both he and his country are ill equipped.



Partnership for peace: François Mitterrand (left) and Helmut Kohl in Bonn in November 1994 Photograph: AP

Ex-Vichyist fiercely loyal to a murky past

ANDREW GUMBEL

François Mitterrand may enter the history books as the figurehead of the modern French Socialist Party but there was nothing straightforwardly left-wing about his political heritage.

Born into a provincial, bourgeois right-wing family, he spent his youth first as an opponent of the Popular Front government of the 1930s and then, for the first three years of the Nazi occupation of France, as an official of the Vichy regime.

He saw his progression from right to left as a symbol of the country's evolution from the ambiguities of war and occupation to the more progressive values of democratic capitalism and European integration. But he never entirely shook off the shadier side of his past, to the consternation and occasional alarm of his Socialist colleagues. In the last two years of his

presidency a flurry of books appeared detailing the young Mitterrand's awkward intimacy with the nationalist, anti-Semitic Action Française and with some members of the right-wing terrorist group La Cagoule.

What was most remarkable was that the ageing Mitterrand seemed completely at ease with friends he had made in the 1930s and remained unflinchingly loyal to them.

The President admitted quite happily to one of his biographers, Pierre Péan, that his circle included members of the Vichy-era interior ministry responsible for rounding up and deporting thousands of Jews.

He even had warm words for René Bousquet, the police chief who masterminded the biggest round-up in Paris in 1942 and who was eventually indicted for crimes against humanity before being killed by a lone as-

"He wasn't a fanatical Vichyist, as people have said," Mitterrand, who became a friend in the 1950s, recalled. "I found him rather attractive, direct, almost abrupt. It was a pleasure to see him."

It is hard not to see a certain dishonesty at work in such sentiments. How could Mitterrand pretend not to have known about the full role Bousquet had played? Given his government position, how could he say he only learned later about the anti-Jewish laws passed in 1940 and 1941?

Nevertheless, there was something curiously consistent about Mitterrand in his near-pervasive loyalty to his own past. In his view, the nationalist, anti-Semitic right of the 1930s and 1940s was an essential, if highly problematic, aspect of France that could not simply be dumped into the dustbin of history.

That explains why, as President, he never officially apologised for the crimes of Vichy (arguing somewhat pedantically that the occupation was an aberration in the history of the French state, not a part of it).

And that explains why, for a long time, he continued to send a wreath every year to the tomb of Marshal Pétain on the Ile d'Yeu (arguing that he had been a First World War hero before turning collaborator).

Mitterrand may not have won any admirers with his idiosyncratic attitude to the past and he almost certainly gave protection to men whom others would have branded common criminals. But, given the great reluctance with which France has faced up to its old demons, perhaps his intransigence had its benefits, too, expressing some uncomfortable and long-hidden truths about the whole of his troubled generation.

NOTICE TO INVESTORS

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Instant Reserve	1	1.00	0.75
Under 16s receive	250	1.25	0.93
£500 rate for	500	2.90	2.17
£1 to £500	2,500	3.10	2.32
	5,000	3.40	2.55
	10,000	3.90	2.92
	25,000	4.30	3.22
Private Reserve	500	3.65	2.73
Annual Interest	5,000	3.85	2.88
	10,000	4.55	3.41
	25,000	5.10	3.82
	50,000	5.40	4.05
	100,000	5.50	4.12
Private Reserve	500	3.60	2.70
Monthly Income	5,000	3.79	2.84
	10,000	4.46	3.34
	25,000	4.99	3.74
	50,000	5.28	3.96
	100,000	5.37	4.02
Investment Reserve	5,000	5.10	3.82
Annual Interest†	10,000	5.50	4.12
	25,000	5.75	4.31
	50,000	6.00	4.50
	100,000	6.30	4.72
Investment Reserve	5,000	5.05	3.78
Monthly Income†	10,000	5.43	4.07
	25,000	5.67	4.25
	50,000	5.91	4.43
	100,000	6.20	4.65
Treasurer's Reserve	1	1.75	1.31
	500	3.30	2.47
	5,000	3.55	2.66
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	25,000	4.75	3.56

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FRANÇOIS MITTERRAND 1916-1996

The road that took a stationmaster's son to presidential power



Early years: Mitterrand is born in 1916 in Jarnac in southwestern France, the fifth child of a railway station-master.



The War: Mitterrand served in the French army, was wounded and taken prisoner after France's collapse in 1940 but escaped from Germany. He became an official of the Vichy government but while in Vichy also became active in the Resistance.



After the Cold War: The fall of the Berlin Wall in 1989 marked a watershed. It threatened to split the Franco-German axis, but Mitterrand and Kohl worked together to create a new alliance. The result was the Maastricht treaty in 1991.



Post-war: Elected a member of parliament in 1946, he later served as Interior minister from 1954-57, taking a hard line on Algeria's War of Independence.



Election victory: On 10 May 1981 he defeats Valéry Giscard d'Estaing to be France's first Socialist president and goes on to nationalise much of the economy. But in 1983, after three devaluations of the franc, the government went for austerity

The final phase: In September 1992, Mitterrand is diagnosed as having cancer after his first prostate operation. The news is announced as the country votes in a referendum to approve Maastricht, in which the treaty gets only wafer-thin approval - the "petit oui." In March 1993, the Socialists are crushed by the centre-right in parliamentary election, launching a second period of cohabitation. In July 1994, he has a second operation followed by chemotherapy, but he does not resign. At the 1995 election, the Socialists lose power and Mitterrand hands over power to Jacques Chirac.



Regal manner kept private scandals out of public eye

ANDREW GUMBEL

For all the royal demeanour that he brought to the presidency, François Mitterrand never chose to make a spectacle of his family circle. Following French political tradition, he gave little away about his personal life, aside from the occasional near-obligatory hint about his great reputation as a womaniser.

Towards the end of his life, the reasons for such reticence became understood. In November 1994, *Paris-Match* splashed across its cover a photograph of the President leaving a restaurant with his "secret", illegitimate 19-year-old daughter, called Mazarine. Inside one learnt Mitterrand had been keeping Mazarine's mother, Anne Pingot, as an unofficial second wife for years.

In fact, *Paris-Match's* scoop was less exclusive than it appeared. Political colleagues and journalists were aware of the President's personal arrangements but considered them irrelevant to his public image and never bothered to broadcast them widely. To them, *Paris-Match* had simply infringed the boundaries of good taste. One suspects British-style media might have dealt with the

Mitterrand family differently, and not only because of Mazarine. There were enough strong personalities around the President to create a whole *Dynasty*-full of tabloid drama. First there was Danielle, his legal wife, a headstrong personality in her own right whose trenchant stands on human rights occasionally brought her into conflict with her husband. She also chose other consorts to

accompany her on private trips. Then there was Jean-Christophe, the younger of their two sons, who spent six years as a special presidential adviser on African affairs. In France there was scarcely a murmur about nepotism, but in Africa Mr Mitterrand junior cut such a poor figure that he was nicknamed "Papa-m'a-dit" ("Daddy told me"). The Mitterrand clan had

showbiz flair: the President's brother-in-law, Roger Hanin, is a popular television actor, while his nephew, Frédéric, is a well-known, over-pompous presenter of cultural programmes and occasional documentary maker. The discretion of the media must have brought great comfort to a man as intensely private as Mitterrand. He happily browsed through the bookshops of Paris's Latin Quarter

with no paparazzi in sight, frequented restaurants with minimal security fuss, and took long walks in the country, either with his close friends, or on his own. Not quite the way the Windsors have to lead their lives. The French media might have been over-reticent at times with François Mitterrand, but perhaps they still have a few lessons to teach us.



'Paris-Match' breaks story of Mitterrand's love child

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Key inferno: Firefighters try to dampen a blaze from the ruptured Ural-Siberian oil pipeline near Ufa, 600 miles east of Moscow. The spill, which must be cleared before the spring thaw, was noticed on 26 December. A Russian minister has accused the pipeline's owner of 'seriously' violating the truth in initially saying only 100 tonnes of oil had been lost; 113 machines are working to keep oil out of the Belaya river. Photograph: AP/Tass

Israeli security chief quits over Rabin shooting

PATRICK COCKBURN
Jerusalem

The head of Israel's internal security service, the Shin Bet, resigned yesterday because it failed to prevent the assassination of Yitzhak Rabin two months ago.

In a letter to Shimon Peres, the new Prime Minister, the head of the Shin Bet, who is known only as Kaf, after the initial letter of his first name, said he was leaving now because he thought the organisation was "on the right track, ready for all its missions".

This was presumably a reference to the assassination in Gaza last week of Yehiya Ayyash, leader of the suicide

bombing campaign, which Israel has made little effort to deny was arranged by the Shin Bet.

After Rabin was shot on 4 November, Israelis were enraged when they realised how easily Yigal Amir had approached him. The Shin Bet had failed to act on a tip from within Amir's circle that an assassination was planned. Above all, there were only two bodyguards near Rabin when he was shot, with nobody protecting him from attack from behind.

Kaf's appointment last year was opposed by the right because he was considered a specialist on violence by Israeli settlers on the West Bank. Leaflets were pasted near his office giving his name, home address and telephone number. Ironically, he has stepped down because he was deemed not effective enough in checking right-wing violence.

He is reported to have first handed in his resignation on Sunday but it was rejected by Mr Peres. Yesterday he said he insisted on resigning. He will stay at his post until his successor is nominated, although the next appointment is also likely to cause controversy.

Leaks to the press from

within the Shin Bet show it is divided over Palestinian autonomy. It has also been at odds with the army over co-operation with Palestinian intelligence organisations. There are also unanswered questions about the Shin Bet's actions before Rabin's death, such as its relations with Avishai Raviv, leader of an extreme-right group and friend of Mr Amir, who was also a government informer.

The resignation was considered inevitable after the Shamgar Commission on the Rabin assassination wrote to Kaf and five other senior Shin Bet officers warning them they would be damaged by its findings. It suggested they hire lawyers to represent them. Kaf is believed to have felt his organisation was being unfairly treated by the commission.

The speed with which news that Yehiya Ayyash had been assassinated in Gaza was leaked to Israeli radio last week shows desperation on the part of the Shin Bet to improve its image. It has been criticised since in the Israeli press for making it too apparent who was behind the killing, while it might have been in Israel's interest to have said nothing.

Collaborator set up bomber's phone murder

Rafat, West Bank — "Do you know where you are going? You know they are mourning Ayyash?" asked the Israeli soldier apprehensively at the crossroads a mile from Rafat, the Palestinian village where Yehiya Ayyash, the father of the suicide bombing campaign, was born, writes Patrick Cockburn.

Four days after Ayyash was killed by a hooby-trapped mobile phone in Gaza, Israelis are waiting to see if Hamas, the Islamic organisation to which he belonged, will retaliate. The West Bank and Gaza have been sealed off, stopping Palestinians entering Israel. Some 400 armed police are patrolling buses and bus stations to try to head off any suicide strike.

In Rafat, a small village on a rocky hill close to the border with Israel, the brothers of Ayyash were receiving condolences from a long line of bearded students from Bir Zeit university near Jerusalem. "I can't predict if there will be revenge attacks," said a friend of the Ayyash family, who refused to give his name.

In theory the martyrdom of an Islamic hero is a matter for rejoicing, symbolised by the plate of dates being handed out to the mourners in Rafat. "He only sought Paradise," said the family friend. "He expected this to happen." Nevertheless his death at the hands of a Palestinian collaborator in a safe house in the heart of autonomous Gaza has deeply shocked Palestinians.

Perhaps Ayyash had come to believe in his media image as the man who always escaped Israeli detection, or he had let his guard down because he felt safe in Gaza. Certainly the details of his assassination show the 30-year-old former electrical student had grown careless: he stayed for six months in the same house in Beit Lahya refugee camp and he was the guest of Osama Hamad, 27, a

university friend, whose uncle was a known collaborator.

"Last June he got in touch with me and asked to live in my house in Beit Lahya," says Osama, who was at first suspected of being behind the assassination and was arrested by the Palestinian security police. Osama says that at the time he was working for his uncle, Kamal Hamad, 43, a successful building contractor and "I told him [Ayyash] I was not sure that my uncle was 'clean'."

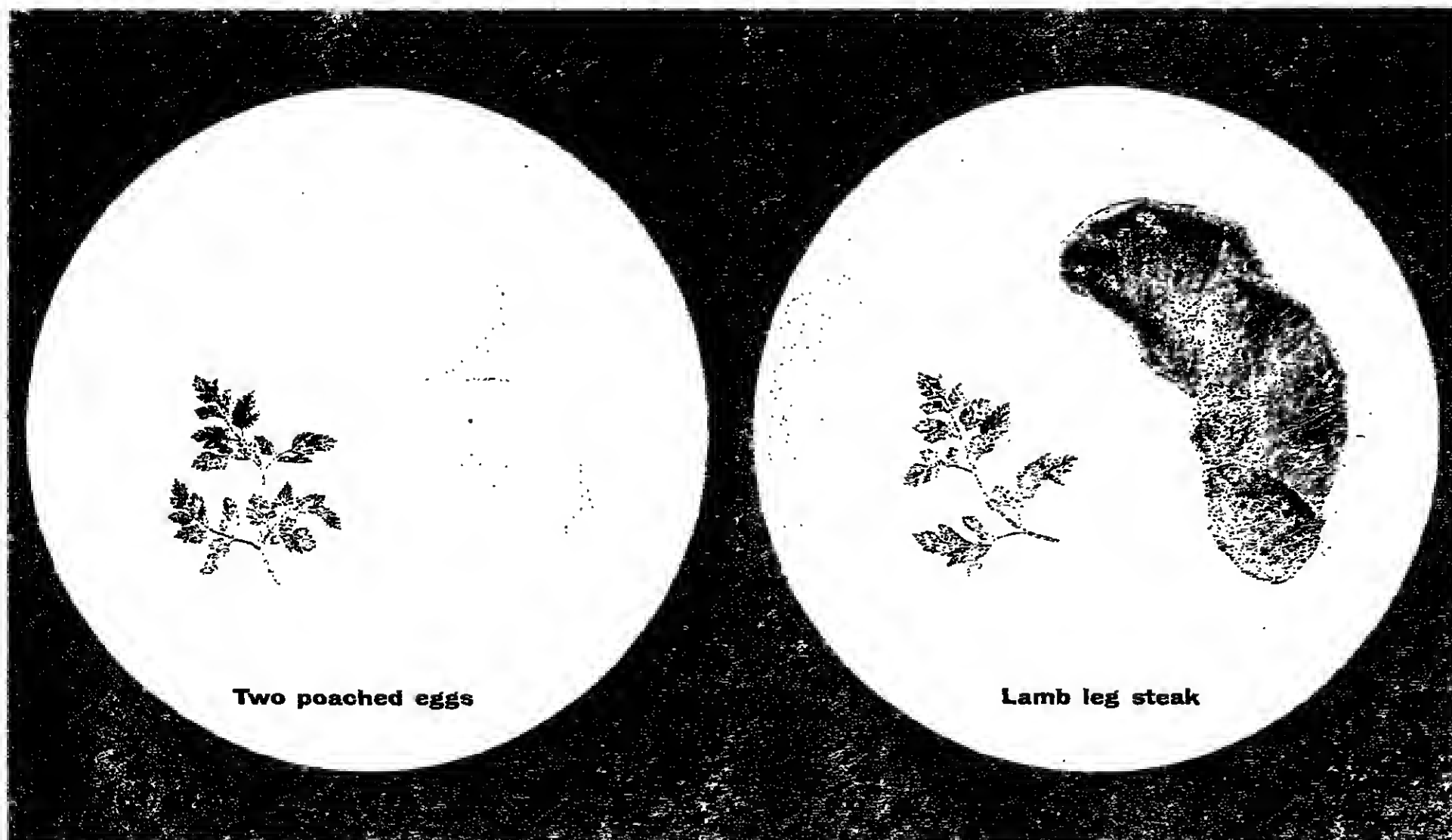
Kamal gave Osama a mobile phone — the number is now known to be 050-507497 — to keep in touch.

Last Thursday Kamal Hamad asked his nephew for the phone, which he later returned. It was almost certainly at this moment that the 20z radio-controlled bomb was inserted. Osama says: "At 9 am the cellular phone rang. It was Yehiya's father, who asked to speak to him. I handed him the phone and heard him ask how his father was. I left the room to leave him alone. Five minutes later I returned because I thought he had finished his conversation. I saw Yehiya lying on the ground covered in blood. He had no head. I was in shock. I called Hamas people and told them. They arrived quickly and took the body."

Kamal Hamad has since disappeared, leaving behind his Mercedes and his grand house of cream-coloured stone. The Israeli press speculates that he received \$1m (£650,000) for betraying Ayyash, a fake passport, a new identity and a visa to the US.

He has also left many Palestinians shocked that the Islamic movement, which boasted that the commitment of its members was so much superior to that of the PLO, was so deeply penetrated by Israeli intelligence. This makes it all the more likely that Hamas will retaliate to restore its prestige.

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obituaries / gazette

François Mitterrand

There is a superstition in French political circles that no President of the Republic should attempt to serve two terms. Albert Lebrun had hardly been re-elected when he was overwhelmed by the catastrophe of 1940. General Charles de Gaulle was only a little more than halfway through his second mandate when his defeat in the referendum of 1969 caused him to resign. François Mitterrand is said to have hesitated over standing for re-election in 1988, but he rejected the advice of those who were superstitious just as he disregarded the pleas of those who urged him to stand aside and devote himself to his memoirs.

The result was that he became the first man in French history to be twice elected to the presidency by universal suffrage (de Gaulle was made president by a restricted electoral college in 1958), and on 10 May 1992 he was able to celebrate 11 years as president. He was thus the longest-serving non-royal head of state in France and the senior statesman of Europe. The occasion was typically Mitterrand. Some six weeks earlier his Socialist Party had suffered a crushing defeat in the regional elections. It was said that the President's political system was in ruins. His popularity ratings were at their lowest. Would he be able to finish his term of office in 1995? Yet within a short period of time, with a new prime minister, he had bounced back. At the height of the political storm, appropriately, he was seen in his favourite Paris bookshop reading a work of political fiction that described his own demise.

September 1992 provided another example of Mitterrand's desire to live dangerously. He had quite unnecessarily called a referendum to ratify the Maastricht treaty. As the date for the referendum, 20 September, approached, the opposition was seen to be unexpectedly powerful. There were continued rumours about the President's health, rumours which were in fact true. But, before he went into hospital, he appeared on television and in a lengthy debate impressed everyone with his alertness and vigour. Never had he been so persuasive and, although his victory on 20 September was the very narrowest, he was able to address the nation, looking ill, speaking with difficulty, like a man who had just emerged from hospital, but who, again, was victorious. Commentators exhausted themselves to find words for someone as famous as Dracula for self-resurrections. He invariably survived.

As a sergeant in the army, Mitterrand was wounded and taken prisoner in 1940. But his courage in the battle, near Verdun, had earned him the Croix de Guerre. In 1941 he escaped from his prisoner-of-war camp and found a job in Vichy looking after released French prisoners. For this he was decorated with the Pétainist decoration of the Francisque. But he was also working for the Resistance movement. He left his Vichy job and assumed a new identity under the name "Morland". For this, too, he was decorated. Who else still young could emerge from the war with a Croix de Guerre, a Francisque and the Rosette de la Résistance?

Controversies arose over this wartime experience. In May 1981 General de Gaulle's son-in-law General de Boissieu resigned as the Grand Chancellor of the Legion of Honour because Mitterrand had collaborated with Vichy. Again, in September 1994, on the publication of Pierre Péan's book *La Jeunesse de Mitterrand*, the President responded with three interviews (one on television). It appeared that Mitterrand had been attracted to right-wing politics before 1940 and that, after he had escaped from a prisoner-of-war camp and gone to Vichy in 1942, his activities and associations were more important than had been thought. In the Ministry of the Interior he was befriended and helped by Jean-Paul Maréchal, who worked closely with René Bousquet, his superior in charge of the Vichy police. Bousquet, who was responsible for ordering the round-up of some 13,000 Jews (including 4,000 children) at the

Vel d'Hiv in Paris on 16 and 17 July 1942. It is not clear whether or not Mitterrand knew Bousquet in 1942, but his claim that he knew nothing about the anti-Jewish laws of Vichy was received with general disbelief.

Most dramatic among the 1994 revelations was the admission that he had formed a friendship with Bousquet even when he was President. Only when the rumours of Bousquet's responsibility for the Vel d'Hiv atrocity became strident did Mitterrand put an end to these relations. He argued that he did not wish to reopen the old wounds of French history. The French nation showed little sympathy for this, but his television appearance on 12 September 1994 revealed an old and sick man talking about his past; this people found moving, sad and courageous.

Mitterrand was anxious to demonstrate that he did not enter the Resistance movement because he had heard the call of General de Gaulle from London, but through other ex-prisoners of war, he claimed that at the age of 25 he was one of their leaders. On the night of 15-16 November 1943, he said, he had flown by Lysander from Angoulême to England, returning to Brittany by rowing boat on 26 February 1944.

More important, perhaps, was his relationship with de Gaulle himself. Mitterrand was organising different groups of prisoners of war into a unified resistance movement. In December 1943 he flew from England to Algiers to present to de Gaulle his plans for a merger of the prisoners-of-war organisations. But de Gaulle reproached him with having flown in a British plane and Mitterrand declined to accept that de Gaulle should lead the movement.

Mitterrand became the General Secretary of the Ministry for Prisoners of War in the Provisional government, and at the Liberation of Paris he found himself, at the age of 27, the acting minister. He went on to create the National Movement of Prisoners of War and of the Deported. His position as president of this organisation placed him at the centre of an important pressure group, and gave him a solid backing in his political career. He became one of the leaders of the centre, ex-Resistance party, the Union Démocratique Sociale et Républicaine, and in November was elected deputy in the Nièvre department. He never forgot his links with the Resistance. In 1981 he could claim to be the only candidate for the presidency who had served in it (except Michel Debré, not a serious candidate) and he made a point of decorating those whom he had encountered in those heroic years, such as André Dewavrin ("Colonel Passy") who had been in charge of the secret service of Free France, and a Breton couple who had received him when a Royal Navy corvette, under the command of Lt-Cdr David Birkin (father of the actress Jane Birkin), brought him to the coast of Finistère.

If Mitterrand adhered to the moderate left wing in politics, while remaining firmly anti-Communist, it was because of his Catholic upbringing and education. It was this which gave him a desire for social justice. Born in 1916 at Jarnac in the Charente, he was a member of a large and relatively prosperous family, his father being station-master at Angoulême, later going into business. He was educated at a Catholic school, and studied law and political science in the private École Libre des Sciences Politiques in Paris. He was a member of the Society of St Vincent de Paul. If he later abandoned religious obedience, he never lost his interest in religious matters. And during the war he resolved that, if he escaped alive, then each Whitsun he would climb to the top of the rock at Soltré, in memory of his comrades who had died. It was a lay pilgrimage, but it was a pilgrimage.

In January 1947, when he was still only 30, he became Minister responsible for the War Veterans. He was successively Minister for Overseas France, Minister of the Interior, Minister for Justice, but he got the reputation of being unscrupulous in his ambitions and unwise



Adaptable, resourceful, an acute observer: Mitterrand, the senior statesman of Europe

Photograph: Philippe Wojazer / Reuters

in his circle of friends. In 1954 he was accused of having passed defence secrets to Communists. There were those who found him, if not untrustworthy, then opportunistic. Although under the Fourth Republic governments fell regularly, he was always seen as someone who would readily accept office, but he was never thought of as a possible prime minister.

A turning-point in his career came with the rising in Algiers in 1958 and the return to power of de Gaulle. In his determination to oppose de Gaulle he obstinately and courageously organised his political identity. When de Gaulle met political leaders during the crisis, he later recalled, only Mitterrand openly opposed him, "exhaling", as he put it, his disapprobation. Whereas his companion in opposition Pierre Mendès-France refused to envisage ever standing for office in a constitution that was, for him, rendered undemocratic by the events of 1958, Mitterrand tempered his refusal. He did not accept that de Gaulle was the Republic in person but he was prepared to work within the institutions as they existed. He had created a national network of clubs and political associations. He sought to bring together all the left-wing opposition to de Gaulle. In December 1965 he stood against him and, though defeated, he won 45 per cent of the votes and appeared as the acknowledged leader of the opposition.

Yet for many he remained untrustworthy. A curious incident hung over him. In 1959, after he had been elected as a senator, he claimed that there had been a right-wing plot to assassinate him, and that he had only escaped by taking refuge

in the Luxembourg Gardens, in Paris. Later, it emerged he had known all about this attack and had acted in connivance with his assailants. The matter was deemed serious enough for the Senate to suspend his parliamentary immunity. Most serious was the repetition of the phrase "It is only the ridiculous that kills". Mitterrand had appeared to be ridiculous.

The upheavals of 1968 took him by surprise, as they did everyone. He showed unease that revolutionary students were turning towards Mendès-France rather than him and he responded with some unwise statements, notably when he announced his readiness to replace de Gaulle. When the General did resign, nearly a year later, Mitterrand was not even a candidate in the presidential election, and the official socialist candidate Gaston Defferre got only 5 per cent of the votes.

It was this bad showing that saved Mitterrand. He negotiated a merger between his organisation of clubs and the Socialist Party, and at the conference at Epinay in 1971 he became its First Secretary. He set out to make this party the largest of the Left, to undermine the Communists by signing an agreement with them, to attract the centre by making the socialists the only alternative to Gaullism (as represented by Georges Pompidou). He exploited the presidential system which tended to divide the electorate into two and he presented himself as being above purely party considerations. In 1974 (after the death of Pompidou) he was only narrowly defeated by Valéry Giscard d'Estaing (49.3 per cent to 50.7 per cent) and in the 1978 legislative elections the Socialist Party, al-

though failing to win a majority in the Assembly, became the largest party of the Left.

In 1981, after much infighting within the Socialist Party, and after the Common Programme with the Communists had broken down, Mitterrand was again the socialist candidate. He accomplished a difficult task with considerable skill. He presented "110 propositions" which were sufficiently radical to attract Communist and traditional socialist votes (nationalisations, economic planning, a wealth tax, increased workers' rights) but sufficiently reasonable to attract votes from the centre. His victory on 10 May 1981 was seen as representing a significant shift in the balance of power between capital and labour. His supporters did not talk about a change of government, but a change of regime. When the presidential elections were followed by legislative elections in which the socialists won 38 per cent of the vote and an overall majority in the Assembly, then it did seem that a new epoch in French history had dawned. The socialists controlled most of municipal governments, the legislature and the executive.

But after an initial burst of radicalism, with the abolition of the death penalty, increased government backing to create jobs and stimulate the economy, labour law reform, and increased welfare benefits, the government showed itself to be increasingly moderate. Nothing further was heard about reforming the presidential supremacy in the constitution. There were no changes in traditional Gaullist defence policy. The Franco-German al-

liance was maintained and strengthened, and France's commitment to Europe re-emphasised (including membership of the European Monetary System). But most dramatic was the turn towards austerity from 1983. The government became less generous in welfare payments, unemployment grew, electoral promises were shelved. In July 1984 the young Laurent Fabius became Prime Minister. Thereafter the watchword was "modernisation" rather than "social justice".

The government became unpopular, and although Mitterrand changed the electoral law, introducing proportional representation so as to limit the disaster, the elections of 1986 produced an Assembly in which the opposition predominated. For the first time in the history of the Fifth Republic the President had to appoint as prime minister someone - Jacques Chirac - who was his political enemy.

Again Mitterrand adapted to the situation. He behaved like a monarch who reigns but does not govern. He dissociated himself from the government's domestic policy, except for the occasional - but much-noticed - remark. However he was active in foreign affairs. Consequently the unpopular president of 1984-86 was replaced by the well-liked "Tonton" (uncle). As the 1988 elections approached, and rumours grew that he might not be a candidate, crowds in the streets encouraged him. "Do not desert us, Tonton," they shouted.

But the elections of 1988 presented Mitterrand with a problem. He could not, as in 1981, launch a programme of reform or expansion. He could not continue to be the sagacious

but distant monarch. He found the solution. He was to be the essential creator of the new Europe. In the gigantic market that was to be created France would have, by virtue of its varied economy and technological achievements, an advantageous role. As foreign and defence policies merged, then France, with its German ally, would dominate the other members of the Community.

And, after his re-election, this was his policy, culminating in his determination to get the Maastricht agreement adopted. Europe was his priority. If he was surprised by German reunification, his answer was to be Germany more closely to Europe and to France. If he was surprised by the break-up of the Soviet empire and of Eastern European Communism, his reaction was to see to it that France would play an important role with regard to the new states. Hence his courageous visit to war-torn Sarajevo in June 1992. If he was disturbed by the Gulf war his response was to make France a peacemaker (he thought of going to Baghdad himself) and, when that failed, an important element in the military strength.

All these efforts failed to save the Socialist Party. The recession and rising unemployment were the official excuses. More important was the multitude of scandals that had affected the socialists over the years, notably insider trading and illegal party funding. The nation had lost confidence in its rulers. Mitterrand made Pierre Bérégovoy his Prime Minister in April 1992 as a guarantee of sound finance; he himself preached the doctrine of "la République sociale". But on 28 March 1993 the right-wing parties won 484 seats to the Left's 92. It was a humiliation for Mitterrand.

He coped with this new cohabitation with his customary skill. He avoided confrontations except on subjects about which he felt strongly, such as immigration, the rights of young workers, the importance of state education. He continued to concentrate his efforts on France's role in the world, as shown by the sending of French troops to Rwanda, well in advance of international opinion. The Franco-German alliance was strengthened and was solemnised when a unit of German soldiers eventually took part in the 14 July parade down the Champs Élysées.

But the scandals had continued. In May 1993 Bérégovoy committed suicide; a few months later, a trusted aide, François de Grossouvre, shot himself in the Élysée Palace. These mysterious events, and the nature of some of Mitterrand's friendships, were the source of rumours which damaged his reputation. And they occurred as speculation grew as to who would be elected President in the spring of 1995.

On 14 July 1993 Mitterrand declared that he would like his successor to be someone who shared his views. It was assumed that he was thus designating Jacques Delors but no one could be certain. Four days after these remarks he entered hospital and underwent his second operation for cancer of the prostate. He was then aged 77.

In 1944 he had married Danielle Gouze. She was a loyal if often independent consort, sometimes acting as his radical conscience and devoted to humanitarian causes throughout the world. In November 1994 *Paris-Match* published what many people in France had known for a long time, that the President had a second marriage and a 20-year-old daughter called Mazarine by that name.

Few politicians have been so adaptable and so resourceful as François Mitterrand. It is not enough to say that he was "enigmatic" or to describe him simply as the cunning fox of French politics. He was much more than that. By the time he became President he was perhaps the most experienced and the most knowledgeable figure on the world scene. He was shrewd, detached, an acute observer.

Most French people envied him. He was a very Parisian figure, well-known in the Left Bank, frequently seen in discreet and elegant restaurants. He was also a countryman,

tending his oaks and exercising his dogs in his property in south-west France. He was cultivated, well-acquainted with classical literature, speaking and writing in elegant French, on good terms with many writers and artists. He was highly successful with women, a fact that never created scandal, but enforced his position as someone to be admired.

With a great sense of history, Mitterrand sought to leave his mark on Paris with buildings, such as Opéra-Bastille, the Pyramid at the Louvre and the Gare d'Austerlitz. All these have been highly controversial, but typically Mitterrand was unperturbed, devoting much time to each of them.

As his term of office ended, he sought to hasten his departure. No ceremony was to accompany the transfer of power to President Chirac and his leaving the Élysée Palace on 17 May.

There were surprises. Attending the VE celebrations on 9 May in Germany, he praised the bravery of the German soldiers in the war, and claimed that the victory of the Allies was the victory of Europe over itself. Was this a final plea for Europe, and for the Franco-German friendship that is the essence of Europe? Was it a plea to reconcile the past with the present that was personal as well as political? For some, it was a speech that should not have been made; for others it was intensely moving; it was provocative and ambiguous. François Mitterrand was true to himself.

The solemnity of retirement came from the knowledge that the former President's life was drawing to a close (especially when it was known that he had chosen the plot of land where he wished to be buried). But he continued to surprise his entourage, especially the doctor who always accompanied him, by taking long walks in the countryside and by visiting Venice and Egypt. As he expected, the new President reversed his policy by accepting Republican responsibility for the rounding-up of Jews during the occupation. But Mitterrand kept silent. He was resigned to the return of Bousquet to public attention - the disturbed man who had assassinated him in June 1993 was put on trial in November 1995 - but he was irritated by the speculation about the wealth he had supposedly accumulated during his Presidency.

He was said to be annoyed when his friend and former adviser Jacques Attali published a further volume of extracts from his conversations, but he may well have been secretly delighted to read the disparaging wit with which he had treated his most eminent political opponents. More striking was his conversation with the Nobel prizewinner Elie Wiesel, which appeared, as *Mémoire à deux*, as he retired. He had worked hard on this volume, preparing his remarks with constant writing and rewriting. He spoke of his childhood, his ambitions, his religious interests, and much else. Politics, he said, did not confer supreme power. This was reserved for those who had the ability to create.

In all these interventions, François Mitterrand took care not to appear as a politician, but rather as a philosopher. He was not seeking to justify himself to others. What was important for him was his judgement of himself.

Douglas Johnson

François Maurice Marie Mitterrand, politician, born Jarnac, Charente 26 October 1916; Secretary General, Organisation for World Peace and Progress, 1944-46; Deputy for Nièvre, National Assembly 1946-58, 1962-81; Minister for Ex-Servicemen, Secretary of State to Presidency of the Council and Minister of State 1947-54; National President, Union Démocratique et Socialiste de la Résistance 1951-52; Minister of the Interior 1954-55; Minister of State for Justice 1956-57; Mayor of Châteauneuf-Nivernais 1959-62; Senator, Federation of Democratic and Socialist Left 1965-68; First Secretary, Socialist Party 1971-81; President of France 1981-95; married 1944 Danielle Gouze (two sons); died Paris 8 January 1996.

DEATHS

BROWN: On 6 January 1996, Don George, monk of Ealing, aged 80 years, former Headmaster of St Benedict's School, Requiem Mass at Ealing Abbey, Monday 15 January, at 11 p.m. R.I.P.

HARTLEY-TAYLOR: Elizabeth Marjorie (née Boddish), of Kensington, on 15 December, aged 87. Now laid to rest with her parents at Tidesley. The memory of her radiant life abides.

ROYAL ENGAGEMENTS

The Princess Royal, Princess Diana, Duchess of Cornwall, will attend the British Olympic Appeal at Bonham's Auction House, London SW7, The Duke of Edinburgh an Exhibition of Paintings of Brazil, Christie's Great Rooms, London SW1.

Births, Marriages & Deaths

IN MEMORIAM

WADMAN: Bridget Clara (19.6.1935 - 9.1.1996). Jonathan.

Changing of the Guard

The Household Cavalry Mounted Regiment mounts the Queen's Life Guard at Horse Guards, 11 a.m.

Because of pressure on space, today's LAW REPORT has been held over.

Forthcoming marriages

Mr E. Lee

and **Miss A. Whitlock**

The engagement is announced between Antoinette, daughter of Alan and Morna Whitlock, and Paul, son of John and Linda Lee.

Birthdays

Major Derek Allhouse, former and Olympic equestrian, 82; **Sir John Ailion**, High Court judge, 64; **Dame Elizabeth Anson** (Lady Anson), chairman, Association of District Councils of England and Wales, 65; **Miss Joan Bacz**, singer, 55; **Mr Hugh Bayley** MR 44; **Miss Mary Bennett**, former Principal, St Hilda's College, Oxford, 83; **Mr Paul Bergin**, former ambassador to Uzbekistan and Tajikistan, 59; **Sir Rudolf Bing**, founder of the Edinburgh Festival, 94; **Mr Ken Brown**, golfer, 39; **Sir John Buckley**, former chairman, Davy Corporation, 83; **Mr Christine Crawley**, MEP, 46; **Mr Clive Dunn**, actor and comedian, 74; **Sir Tony Durant** MR 68; **Sir Graham Eyre** QC, a Recorder of the Crown Court, 68; **Mr Michael Gifford**, managing director and chief executive, Rank Organisation, 60; **Father Benedict Green**, theologian, 72; **Mr Terry Hands**, theatre and opera director, 55; **Mr David Holbrook**, author, 73; **Mr Leslie Holliday**, chairman, John Laing Construction, 75; **Mr Raymond Hur-**

rocks, chairman, Chloride Group, 66; **Professor Sir Alec Jeffreys**, Wolfson Research Professor of the Royal Society, Leicester University, 40; **Sir Michael Jenkins**, former ambassador to the Netherlands, 60; **Sir Simon Jarvis**, Director, Fitzwilliam Museum, Cambridge, 53; **Mr Herbert Lom**, actor, 79; **Mr Michael Nicholson**, television newscaster and reporter, 59; **Sir Harry Ogilvy** QC, High Court judge, 62; **Miss Joely Richardson**, actress, 31; **Mr David Smith**, cricketer, 40; **Mr Ralph Tubbs**, architect, 84; **Viscount Ulswater**, former government minister, 54; **Mr David Walker**, High Commissioner to Ghana, 56; **The Right Rev Francis West**, former Bishop-Suffragan of Bunton, 87; **Mr Geoffrey Wragg**, horse-trainer, 66; **Miss Susanah York**, actress, 54.

Schools

King's School, Canterbury

The Lent term begins today at the King's School, Canterbury. A Confirmation Service will be held in the Cathedral on Sunday 10 March at which the Bishop of Dover will confirm. Term will end on Saturday 23 March.

King's School, Ely

The Lent Term begins today at the King's School, Ely. The new artificial sports surface will be officially opened for use on Saturday 20 January. There will be a professional

hockey coaching session for Under 13s followed by a match between a celebrity team and the School's First Eleven players.

The Concert Band will give their traditional New Year Concert with Buffet Supper in the Hayward Theatre on Friday 26 January, and the Music Festival Finals' Concert will take place on Friday 16 February.

The Junior School 11+ Scholarship Examination will be held on Friday 2 February, and the Senior School Music Scholarship on Friday and Saturday, 9 and 10 February.

The Bishop will conduct the Confirmation Service on Saturday 2 March at 11 a.m. in the Cathedral.

The Junior School play, *The Importance of Being Earnest*, will be presented in the Hayward Theatre in

matinee on Tuesday 12 March and at evening performances on Wednesday and Thursday, 13 and 14 March.

The 1996 Osmond Lecture will be given by Miss Helen Sturman on Friday 15 March in the Hayward Theatre under the title "Astronaut Required: no experience necessary". Tickets are available to interested Old Eleans and parents on application to the Deputy Head's secretary.

The Hoop Trundle will be held on Saturday 16 March at 12 noon.

The Senior School Choir will be joined by those of King's Peterborough and Norwich School to sing

Evensong in the Cathedral on Wednesday 20 March. Term ends on Friday 22 March.

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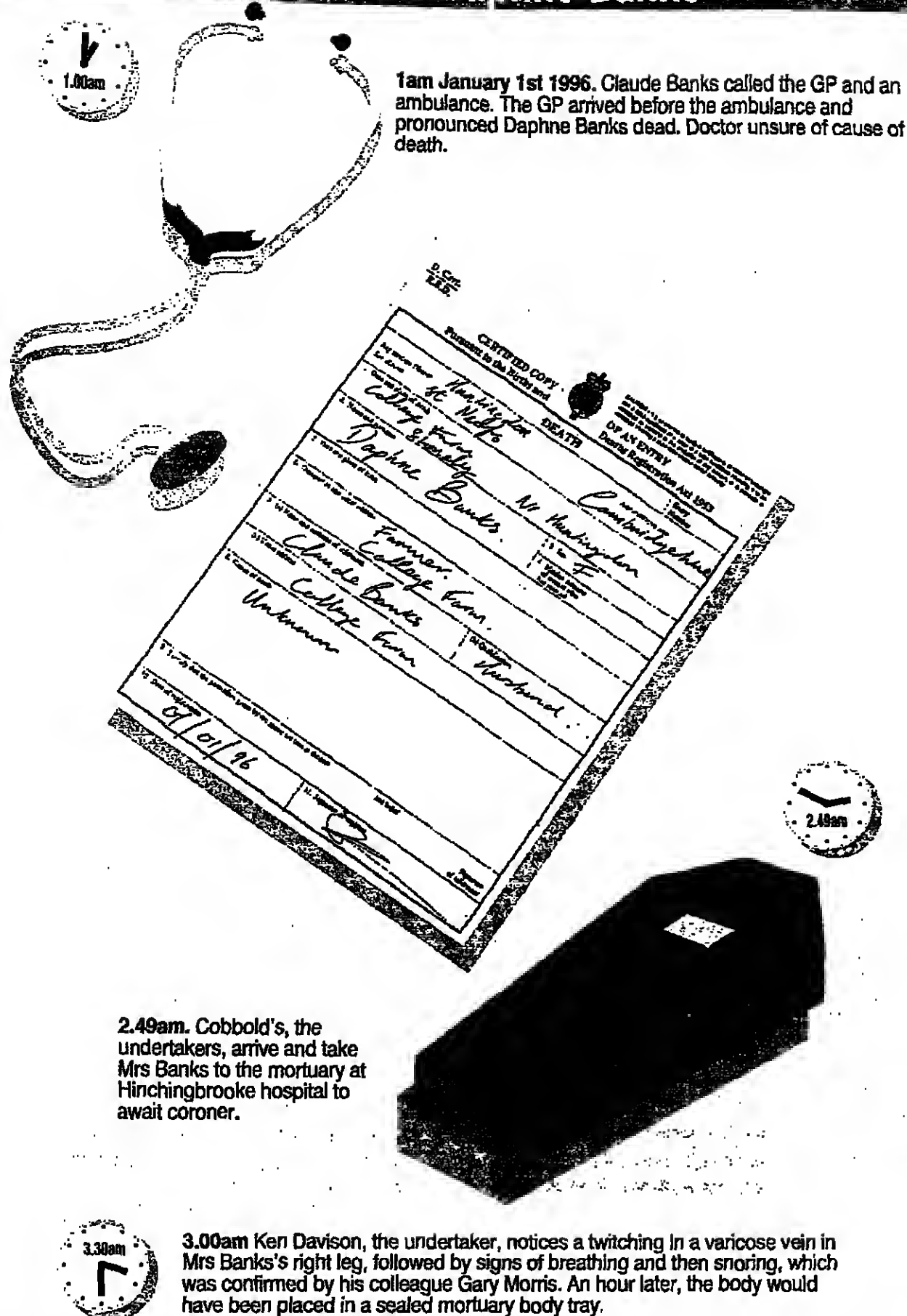
Evensong in the Cathedral on Wednesday 20 March. Term ends on Friday 22 March.

24p 11.00 1.50

Paul Vallely considers the extraordinary affair of the Cambridgeshire woman who returned from the mortuary slab

So they think you are dead ... but are you?

The case of Daphne Banks



How do we know when we are really dead? It's easy enough if you're the Pope. Before they elect a new one the cardinal camerlengo, his dead pope on the forehead with a silver hammer to make sure he is dead. After all, you would not want to elect a new one and then find the old one had come round and you had two.

The case of the epileptic Daphne Banks - the farmer's wife who "died" on New Year's Eve and then was found to be still alive in the mortuary as 1996 began - is thankfully a rare one. But the fact that, despite all the technology of modern medicine, it is possible for a living person to end up on a mortuary slab touches fears that lodge deep in the human psyche. And more than that, it raises some profound questions about the nature of death, how we define it and how we react to our own definitions.

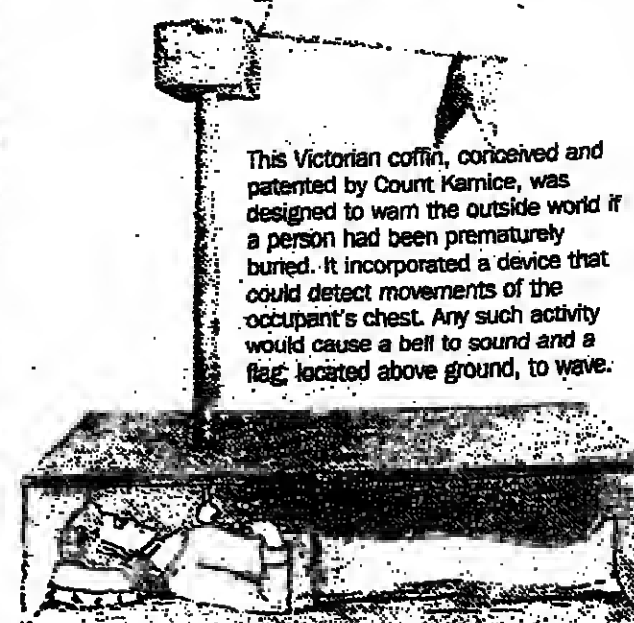
Premature burial is a fear that has haunted and mesmerised men for aeons. And it usually is men. When Edgar Allan Poe, who was obsessed by the prospect, wrote a story on the theme there was an outbreak of panic in which a celebrated carpenter of the times made a fortune from a special coffin in which the occupant, should he recover consciousness, could signal to the quick above with bells and flags.

The nightmare is of much longer standing however. In the first century the magician Simon Magus, according to one report, buried himself alive, expecting a miracle - which failed to materialise. On loan in the 6th century one of St Columba's monks, Oran, was dug up the day after his burial and found to be alive; when he told his fellows that he had seen heaven and hell, legend has it, he was promptly dispatched and re-interred on the grounds of heresy. And the 13th century Thomas à Kempis, the reputed author of the great devotional work *The Imitation of Christ*, was never made a saint because, it was said, when they dug up his body for the ossuary they found scratch marks on the lid of his coffin and concluded that he was not reconciled to his lot. Thankfully for Mrs Banks it never came to that.

When it comes to life and death religion is supposed to have some answers. But the traditional definition of death as the moment when the soul leaves the body does not get us very far.

"It's not a meaningful definition," says Rev Prof John Bowker, author of *The Meanings of Death*. "Theologically the soul is characteristically

It ain't over till it's over ...



what the human being is when it is fulfilling its functions and purposes unimpeded and in the fullest possible extent. To say 'when the soul leaves the body' - while it's an attractive image, and did much for the banalities of religious art - really doesn't mean much."

Doctors are, of course, more precise. The trouble is that they keep changing their definitions. "Death is a process rather than an event and it can be defined at a number of points in the process," says Dr

turbance in brainstem function. So may hypothermia. And in the past when there were epidemics of cholera and typhoid, people got very dehydrated and had an unrecordable blood pressure and were thought to be dead. That did happen."

What exactly happened to Mrs Banks is unclear. Both family and medics have remained closed about it. In modern medicine, with its negligence suits and compensation payments, there is more at stake than academic precision

In the fight against death, a patient is now the mere battleground

Bryan Jennett, emeritus professor of neurosurgery at Glasgow University and the man who did the pioneering work on defining Persistent Vegetative State (PVS). "In biblical times it was when breathing stopped. Then the stethoscope was invented and it became when the heart stopped. Now with modern methods of monitoring brain activity it is defined as brain death."

The modern definition also hedges its bets. "It is the irreversible loss of the capacity for consciousness, combined with the irreversible loss of the capacity to breathe spontaneously and therefore to maintain a spontaneous heart beat," according to Dr Christopher Pallis of Hammersmith Hospital, who is the author of *The ABC of Brainstem Death*. "It's usually straightforward to determine, but drug intoxication may cause a reversible dis-

or ethical brow-furrowing. So do philosophers have anything to contribute? Their approach has been to shrug the whole business off. To them the two key questions are: What is death? and Why does it matter? On this Epicurus was uncharacteristically stoical: "where death is I am not; where I am death is not; so we never meet".

Others like Heidegger have got all semantic and wondered does death have the same meaning to us when we use it of ourselves as it does when we speak of others? But most of them have shuffled the mortal coil off onto the shoulders of cultural analysts and sociologists.

So we have Ivan Illich railing against the "medicalisation of death". The art of dying has given way to "guaranteed terminal care". Doctors once saw it as their job to withdraw once the patient had entered the atrium

of death: Galenic tradition prided itself on discerning when the threshold had been crossed at which nature itself broke the healing contract and the healer had to acknowledge his limits.

But with the advent of aggressive medical technology doctors have switched emphasis. They now concentrate on the fight against death in which the patient has become the mere battleground. Today, as Illich sees it, the medical establishment has assumed the functions of a church - "shaping people's beliefs and perceptions, needs and claims in a post-Christian liturgy that instils a keen fear of pain, disability and death". All this foils the dying person's willingness to accept the inevitable. Yet the wise person today, as in the time of the ancients, needs to acquire an amicus mortis.

Two decades after Illich's *Medical Nemesis* was published some doctors have come to agree. "One mother said to me: 'My son died at the roadside but the funeral was six years later'," recalls Prof Jennett of one of his PVS patients. "You have to recognise that there comes a point when treatment is futile and you have to cease. The hospice movement has done a lot to change attitudes."

But not all changes have been for the best. Legal battles over "the right to die" in recent years have highlighted a shift in our attitudes to what death is. "Today we do not simply think of death in terms of brain activity but in particular kinds of brain activity. 'What we seem to value is consciousness,'" says Pat Walsh of the Centre for Medical Law and Ethics at Kings' College, London, "and we seem to have a scale of consciousness - which is why focuses, the mentally handicapped, and those in persistent vegetative state are thought to have fewer rights. The less autonomous people are, the less we value them."

"What I find alarming is this move to say that when there aren't higher forms of consciousness we can count those people as dead." In Italy doctors are already using PVS patients for organ donation. And in the US medics have begun to talk about taking organs from anencephalic children - who are born with part of their brain not developed. "They will die anyway but they can breathe, make noises and show signs of being able to pick out their mother's voices," says Pat Walsh. "What we are seeing in such cases is that in our society the concept of what it is to be dead is being redefined." And unlike Daphne Banks such individuals may never get a second chance.



DIARY

High tea with Madonna

The Princess of Wales has a new best friend and emotional adviser. I am reliably informed. Displacing the psychotherapist Susie Orbach as royal counsellor is none other than the rock superstar Madonna. Cynics who are republicans and listen only to classical music might call this an alliance of the self-professed

noon tea, a hitherto unknown refreshment for the singer, who was intrigued by its novelty value. Apparently, the two got on like a house on fire.

Given that the Princess's *Panorama* interview was broadcast only eight days after Madonna's return to the States, one imagines that certain personal topics must have come up, in between microscopic nibbles of wholesome shortbread. Perhaps Madonna gave the princess a timely rendition



Spot the princess: who needs shrinks, anyway?

queen of hearts and the self-professed queen of tarts. But the friendship may have had real implications for the British monarchy.

Madonna visited Kensington Palace while on a trip to London last November. Princess Diana had sought her out and invited her to after-

of her vengeful ballad "You'll see". Perhaps she asked her to make a guest appearance on her next "Blonde Ambition" tour.

If you think you know what they discussed, please let Eagle Eye know. A bottle of bubbly to the reader with the most (unperverted) imagination.

Who's he?

The new edition of *Who's Who*, published tomorrow, will, as always, have one glaring omission. It will lack the name of Charles Black, chairman and managing director of A&C Black plc, the distinguished publishing company that publishes and, indeed, gave birth to the venerable tome.

His credentials would seem to be impeccable for the establishment bible. He runs a major publishing firm, became a director in 1964 at the age of 26, and is the firm's biggest shareholder, with about 15 per cent of the shares. He is married to Melissa Fiona Louisa Lowson, who is the daughter of the late Sir Denis Lowson, a former Lord Mayor of London. As well as captaining the Royal St George's Golf Club in Sandwich, he is a member of a host of great and good organisations, from the MCC and Guards Club to the Old Wykehamists Society and Jesters' Club.

So, why the undue modesty in refusing to be listed in his own organ? A spokeswoman for *Who's Who* said: "We never have in *Who's Who* anyone who is an employee of the company. It is thought to be improper."

That's telling it to the chairman. And just in case it isn't telling it vigorously enough, she added: "Besides, it never really occurred to anyone that he should be included. A&C Black is too small a company."



Scent of a baton? Pacino

Maestro, moi

Al Pacino is in London producing, directing and starring in a film about Richard III. The three roles should be enough to exercise even his prodigious talents. But it seems that producing, directing and acting are not enough.

Pacino booked the London Philharmonic to play the score for the film. When LPO bosses asked him which of their roster of conductors he favoured, Pacino gave them one of his brooding Godfather stares and intimated that he would be making them an offer they couldn't refuse. He wanted to conduct the orchestra himself. And did.

Ooh Angus

Have I got extravagance for you? Angus Deayton has just celebrated his 40th birthday by taking 100 friends to Paris for

a party on the Eiffel Tower. As he might ask in his job as quizmaster on BBC Television's *Have I Got News For You*, fill in the missing words: Angus Deayton could afford to take a crowd to Paris and book a deck on the Eiffel Tower because ...

Ticky one. How's about: "because Alan Yentob, Controller of BBC1, has paid you a huge sum, rumoured to be around £400,000, to present programmes exclusively for the BBC, and you needed to seek inspiration from the Paris air and legends of elums." Yes, that's pretty good.

Now spot the odd one out: a charity; a thrifty controller; Alan Yentob ...

Trucked off

Never argue with a truck driver, unless you are a truck driver. An arcane but fierce row is going on in freight circles. The Fork Truck Hire Association has announced that it is to become the Fork Truck Association. Four cries the Freight Transport Association. "We have been widely recognised by the acronym FTA since 1969." The FTA (old guard) adds that the action of the FTA (young turks) will "only serve to confuse companies and individuals operating in the transport industry". It concludes that it will continue to promote and refer to itself as the FTA. This one could end in T.E.A.R.S.

Eagle Eye

Generation Why

by Tony Reeve and Steve Way



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Germany/France	21.2p	25.9p	18%
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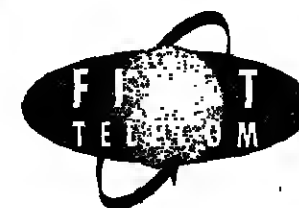
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THE INDEPENDENT

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What is correct, politically?

What a hoot, you may think. All those radical feminists and politically correct gooders of the modern Labour Party put to rest over their "all-women shortlists" in a case brought before a Leeds industrial tribunal by two party members, part-funded by the Equal Opportunities Commission. Oh irony – thus the anti-sexists, in their clumsy attempts at social engineering, have been found to be sexist themselves.

Mr Blair will be very embarrassed. Not himself a fan of all-women shortlists, the Labour leader has declared them a "one-off" attempt to redress the huge imbalance towards men in the Parliamentary Labour Party. In the 30 constituencies that have already chosen from a restricted list the results will stand, but the remaining seven slated for the same treatment will now become open contests in which men can take part.

Newspapers will talk about "sanity being restored", angry women will speculate about the male backlash and the Conservative Party will crow about how it is Labour that is the truly sexist party and they, the Tories, the real force for equal opportunities. In short, there will be a lot of fun.

But before these folk get carried away they should pause for a moment and reflect. For years political parties have been regarded as exempt from sex discrimination legislation in their nomination of candidates. The Leeds tribunal now says that this position is wrong. Ironically, had this judgment been made 20 years ago there might have been no gender imbalance for Labour to redress.

Just as significant as the problems in the Labour Party, however, is the potential impact of this judgment on the Conservatives. Consider the selection conference at the safe Tory seat of Sandingem West. Five men and one woman are on the shortlist, but only the woman (a mother of three) is on the receiving end of Elsie Gus-

set's rather hostile question about balancing childcare responsibilities with politics. The woman loses and resorts immediately to a tribunal arguing sex discrimination. Under the Leeds rules she would have a very good case. So are the Tories now considering standardising their questions and introducing proper job criteria against which all candidates are equally judged? Are they heck all like.

Pshaw, breathe all those who are discomfited by the Leeds decision, that means that the struggle for equal representation in Parliament has gained, not lost, as a result of this judgment (just, in fact, as the two Labour members who brought it had always argued). That's all right then.

Unfortunately, it isn't quite all right. The tribunal ruled as it did because it accepted the argument that membership of Parliament is a trade or profession to which (like it or not) the major parties control entry, through nomination. It would be "hurrying one's head in the sand", it argued, to believe that it was the voters themselves who made the choice.

The result is to impose upon voluntary associations, all of whose members are under no constraint or economic necessity to join or affiliate, the same rules as upon private companies and government bodies.

But voters can choose not to support particular parties and to embrace others. And if (as seems quite possible) some measure of electoral reform is eventually enacted, this may prove easier. Why then should we not be able to choose (as can the Russians and the Icelanders) from women-only parties, or black parties, or gay parties? A greater diversity might enrich the body politic, whereas the placing upon such organisations of the stamp of legal homogeneity would not. The law now needs to be changed allowing parties to discriminate should they want to, and voters to choose accordingly.

Luring parents past the school gates

Care a good idea. Advocated by both Conservative and Labour politicians in the past, and implemented with great success in Birmingham already, they are an effective way of drawing parents into their children's education. After John Major signalled an interest in parental contracts at the weekend, the proposal was hastily tacked on to the launch yesterday of new government proposals on selection in schools. But while the proposed changes to school admissions could be extremely damaging, divisive and discriminatory, the home-school contracts could make a real difference to improving education standards across the board.

The old days when parents rarely ventured further than the school gate are long gone. Education is no longer the prerogative of the professional teacher. Children can learn much after the school bell rings at a quarter to four. A supportive, enthusiastic mum or dad who helps with homework can make a considerable difference to a child's progress. Meanwhile the regular exchange of information between parents and teachers can help to avoid misunderstandings about the problems that individual children face. So keen, concerned parents are often welcomed into the classroom, rather than dismissed as pushy or interfering. The more parents feel able to play an active role in

educating their offspring, the more successful those children are likely to be.

Many parents – and not just the middle classes – already participate actively in their children's education. Comprehensive across the country are brimming with lively parent-teacher associations, organising jumble sales and activity weekends. Those who don't get involved are rarely bad parents. Unused to the idea of regular trips into school, they may simply feel intimidated by academic establishments. Perhaps their own parents paid little attention to their schooling and they are unaware of how much good they could do. A formalised framework can set out exactly what they should expect and what the school expects from them.

Typical contracts could include telling parents what their child is to be taught, how they are progressing and what standards they can achieve. At the same time, parents should ensure that their children are punctual and appropriately dressed for school, and have done their homework. The contract, signed as the child first enters the school, would embody the best intentions of the school and the parents to provide a good education for the child.

The Government's School Improvement Council has now been charged with examining the benefits of home-school contracts. They should get a move on, and introduce them across the country.

He doesn't mince words off the top of his head

Today is our regular look-at-language sport, conducted by Professor Wordsmith.

Yes, people today are becoming more and more interested in matters linguistic. And what does that mean? It means that more and more people with a hitherto useless English degree can now earn a living writing useless columns in newspapers about words!

One such man is Professor Wordsmith, who is here with us today to answer your pointless questions about the derivations of English words. Take it away, Prof...

Hello, Professor. I just wanted to know what was the derivation of the expression "off the top of my head". When people say that they are talking off the top of their head, it means that they are talking without notes, without script, unprepared, but I don't see what the top of the head has to do with it.

Professor Wordsmith writes: It's because we don't wear hats any more.

Pardon?

Professor Wordsmith writes: When someone was talking a lot of gibberish or unprepared nonsense we used to say that he was talking through his hat. Nowadays people



MILES KINGSTON

don't wear hats nearly as much as they used to, so the expression has lost its force. Unwilling to lose it, we have changed it to "off the top of my head", because that is where the hat used to be. Next!

Where does the expression "a barrel of laughs" come from? Why do we say that someone is a barrel of laughs? It means that they are laughing.

Professor Wordsmith writes: Well, in the old days of the music hall, before they had microphones and television and canned laughter and all that, it was very difficult for a nervous comedian to build up an atmosphere in those huge music halls. So what they did was have several stagehands backstage leading the laughter and the applause, which they did by literally getting into barrels and laughing inside

them so that the laughter was amplified. It was in fact a primitive form of canned laughter – or casked laughter, perhaps, maybe even draught laughter! Next, please.

Why do we say that someone is as thick as a short plank?

Professor Wordsmith writes: To denote that someone is stupid, stupid.

I know that. I'm just asking where the expression comes from.

Professor Wordsmith writes: Well, planks are made of wood, and wood is traditionally associated with stupidity.

Oh, come on! You can do better than that! Why should a short plank be any thicker than a long plank? Why not say three short planks? Why not say "as thick as a tree"? Come on, Professor, tell us that!

Professor Wordsmith writes: OK, wise guy. Two short planks is actually Cockney rhyming slang.

Rhyming with what?

Professor Wordsmith writes: Banks. You what?

Professor Wordsmith writes: "As thick as two short planks" is slang for "as stupid as banks".

What's so stupid about banks?

Professor Wordsmith writes: Oh, come on! Banks are notoriously stupid. They lend money to South

American countries which have no intention of paying it back. They charge you £20 for writing a letter. They let people like Nick Leeson make them bankrupt. They...

OK, OK. I grant you that. Professor Wordsmith writes: Thank you. You're very kind. Next!

Why do we say of someone that she doesn't mince her words? Why "mince"? Why don't we say that she doesn't bake, boil or fricassee her words? If there are some people who don't mince their words, are there other people who do? And what are words like when they are minced?

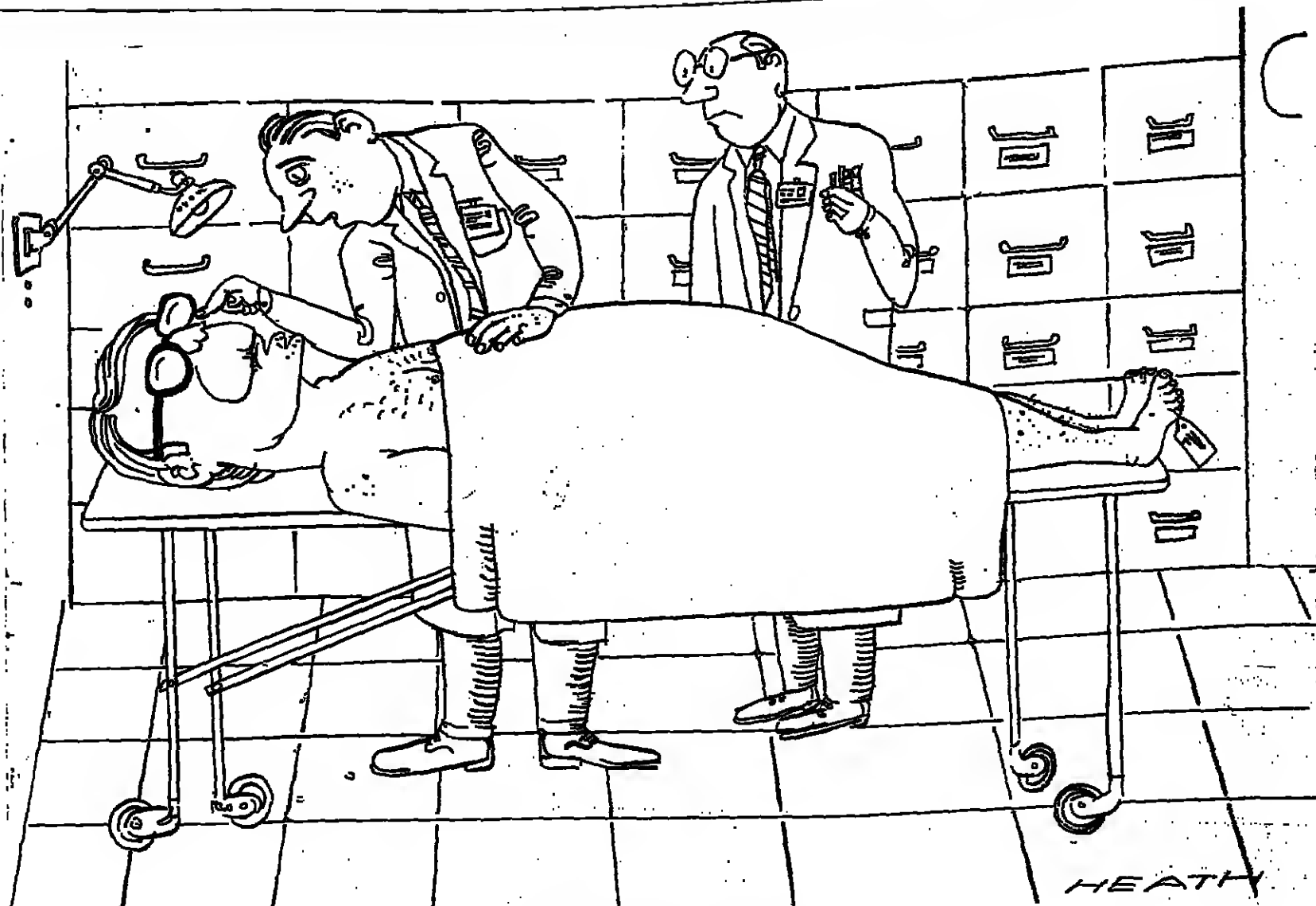
Professor Wordsmith writes: Well, you'll find all the necessary recipes in Delia Smith's Book of Words, published by Radio Times Cover Page Publications. But very briefly, it's to make words easier to eat.

When you have promised to eat your words, it's easier if you've minced them first.

I don't believe it. In fact, I don't believe any of this. Is any of it true?

Professor Wordsmith writes: No, not a bit of it. But it's a lot more interesting than the true explanations.

Professor Wordsmith will be back again soon. Keep these trivial queries rolling in.



"My God! He's still alive!"

LETTERS TO THE EDITOR

From Plato and pagans to ping-pong balls

From Mr Adrian West

Sir: I am puzzled by Niall Ferguson's statement ("Triumph of hope over probability", 8 January) that there are only two reasons for boycotting the lottery – Calvinist beliefs, and the realisation that the chances of winning are tiny. I can think of many other reasons.

You might, for example, realise that you could not cope with a really large amount of money (even if you were resolved to give it all away, you might well feel ill-equipped to play God with so much). You might just think there are more exciting and interesting things to do with your money, things that would not cast a shadow over Saturday nights. You might think that the Government was morally wrong to introduce the lottery, and therefore, as a matter of principle, you should not take part in it. You might think it wrong to throw away your "spare" money when there are deserving causes and people who desperately need it. And so on. All excellent reasons for a boycott, it seems to me.

What I should have liked Mr Ferguson to do is to give me one good reason why I should buy a lottery ticket. The idea that winning might make our lives happier does, indeed, seem to involve a triumph of hope over experience.

Yours faithfully,
ADRIAN WEST
London, N21
8 January

Feminist oversight

From Ms Jacqueline Rose

Sir: From her remarks about women's obituaries ("Women's secret desire: to wash whiter", 5 January), which uniformly confirm, she argues, that women are valued only for youth and beauty, it seems that Germaine Greer missed the December obituaries of my deceased sister,

"profoundly pagan because it elevates the role of chance above that of God or reason".

The truth is that paganism actually moved in precisely the opposite direction. In the refined paganism of Plato, and his followers, the science of reason was unfolded to a greater degree than at any time since, and the central theme of *The Republic* is that an intellectual and divine justice rules human and natural affairs without exception.

Even in the less philosophical paganism of the "man in the forum", the idea that there is a goddess of the family hearth, a god of the field, a deity of the city and so on enshrines the precious truth that all things are moved by divine intelligence.

In the goddesses of Fortune and the Fates, even the hidden and complex causes of our so-called chaos theory were viewed as divinely ordered.

As Socrates said to Alcibiades: "You may escape from your present condition 'if God pleases'." "Not, you will notice, to pop over to Babylon because 'it could be you'!"

Yours faithfully,
TIM ADDEY
Frome, Somerset
8 January

From Mr Charles Freeman

Sir: Niall Ferguson writes that "the appeal of lottery is profoundly pagan because it elevates the role of chance above that of God and reason".

Why should "pagans" be associated with lack of reason or spiritual belief? When the term was first used by Christians to describe non-Christians, there

were many so-called pagans whose religious beliefs were as sophisticated as those of any Christian. Augustine, for instance, might never have been led to Christianity without the influence of the "pagan" Plotinus and his concept of the Supreme Good. And where does the concept of reason, which Mr Ferguson applauds, come from if not from the "pagan" Greek philosophers?

Yours faithfully,
CHARLES FREEMAN
Buxhall, Suffolk
8 January

From Ms Anna Freeman

Sir: It is possible and prevalent to oppose the National Lottery for reasons that are neither Calvinist nor rationalist, to use Niall Ferguson's crude terminology, but ethical.

What is most objectionable is not the size of the prizes or the profits of the organisers, or the effect on charities, or the waste of time and money, or the defiance of the laws of God or of probability, but the basic principle of a lottery – trying to get something for nothing, relying on luck rather than judgement or effort, gambling rather than thinking or working.

Even if all the churches approved and all the odds against winning were shortened, it would be wrong. The success of the National Lottery is the failure of the society that makes it so.

Yours faithfully,
ANNA FREEMAN
Leighton Buzzard, Bedfordshire
8 January

Selection spreads

From Mr John Burchill

Sir: The claim of the Department for Education and Employment ("Schools left unmoved by selection plan", 4 January) that "there is no question of selection returning to all schools" bears little examination. Once one school in a catchment area begins to select its pupils, all the other schools in the area have the effects of that process imposed upon them. To an extent, their pupils are then selected for them.

Yours faithfully,
JOHN BURCHILL
Old Coulsdon, Surrey

Arab hospitality

From Mr Ghada Karmi

Sir: I have no idea whether male Conservatives dislike Jews – David Aaronovitch ("Sordid affair", 6 January) is, no doubt, in a far better position than I to know such things. However, speaking as a member of the other group he targets, the Arabs, I can assure him that our tradition of hospitality does not include offering sheep's eyes or boys to our guests.

Arabs are capable of other activities besides concerns over defence spending and showing deference towards their former colonial masters. They particularly dislike those who engage in gratuitous and offensive misrepresentation of their traditions and character.

Yours faithfully,
GHADA KARMI
London, NW11

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax 0171-293 2056; e-mail letters@independent.co.uk) Letters may be edited for length and clarity.

Turkey's sectarian society

From Mr Sinan Akinal

Sir: As a Turkish democrat, I was saddened and disappointed to read the letter by Messrs Benn, Pinter and Kent (2 January).

They argue that, in order to achieve a peaceful solution to the conflict between the Turkish security forces and the armed Kurdish organisation, the PKK, it is necessary for the EU to put pressure on the Turkish government. Yet putting pressure on the Turkish government will in itself not only be ineffective but also counter-productive. A look at the Stalinist leadership structure and the dogmatic ideology of the PKK will make it plain to anyone why it would be unrealistic to expect it to engage in a democratic dialogue.

The unfortunate fact is that mine is a sectarian society. Peaceful co-existence of all peoples is the dream of all the democrats and liberals in Turkey. Yet a prerequisite for turning that dream into reality is that spades must be called spades. If all that the democrats in Europe can offer us is a well-meaning but naïve and, ultimately, partisan approach to the problem, then it is a sad fact that with such "friends" in Europe the democrats in Turkey do not need any more enemies.

Yours faithfully,
SINAN AKINAL
Manchester

From Mr Cengiz Lugal

Sir: Contrary to the criticisms made by Tony Benn and his co-signatories, many people in Turkey, including politicians, are fighting a daily battle to improve both the democracy and the economy.

However, much of the population has yet to be convinced that political reforms and a secular "Western-style" democracy is to their advantage. After all, despite many years of being a staunch ally on the eastern front of Nato and regularly giving full support to "the West", Turkey has seen her application for membership of the EU being overtaken by east European countries with considerably worse records on all fronts. Even the much-publicised customs union is severely limited in scope in order to protect the farmers and various other interest groups within the EU.

Mr Benn is trying to douse a flame for not burning as bright as he would like it to. I would suggest that he and his friends refrain from aligning themselves with any one nationalist movement, and consider how prosperity – and the tolerance and freedom that would bring – may best be taken to each and every citizen of Turkey.

Yours faithfully,
CENGİZ LUGAL
London, N17

Antipodes offer economic model

From Mr Brendan Long

Sir: I am constantly astounded by articles such as the one published on 5 January ("The challenge of the Asian tigers: why we are looking for ideas", 4 January) that explore possible models of potential economic growth and development for the UK.

The British press often seems to look either to the US or to the so-called "tiger" economies of South-east Asia while ignoring the enormous differences in social and political infrastructure and attitudes that these countries embrace in order to achieve their prosperity.

Surely, much closer to the British experience (and therefore

better examples) must be Australia and New Zealand. Both countries are modern, stable, multicultural liberal democracies; both are closely modelled on the British system of law and government; and both have expanding private and industrial sectors. Australia and New Zealand have recently instituted major public-sector reforms and privatisation programmes, have low unemployment and stronger growth, and attract a lot of foreign investment.

If these two countries were considered to be like Britain, albeit unbundled by a stratified social order and hierarchical political establishment, a more meaningful debate might be held.

Yours sincerely,
BRENDAN LONG
London, SE22
5 January

I confess, I drive in the middle lane

From Dr Dennis Walker

Sir: After reading David Watson's article ("Another View: It's not the slow coaches that are the danger", 2 January), in which the "70mph middle lane hog" is once again attacked as a selfish motorway safety hazard, I should like to solicit an authoritative opinion as to what exactly is wrong with this practice, provided proper motor discipline is observed.

Lorries and coaches are all governed at below 70mph and cannot therefore be inconvenienced by any vehicle maintaining this steady speed in the middle lane. There is still an overtaking lane available to anyone held up by slower traffic (usually lorries) in the middle lane, or who wishes to exceed the legal speed limit.

I have always found it more hazardous having to switch frequently from the inside to the middle lane to overtake slower traffic or to accommodate entrants from the slip roads.

Yours faithfully,
DENNIS WALKER
Doncaster
2 January

Unneighbourly act

From Mr I. Morgan

Sir: In her analysis of Conservative Party treatment of its female MPs ("Why do they hate her so much?", 4 January), Polly Toynbee could have mentioned the curious case of Ann Widdecombe.

Khrushchev arranged for a rival to be sent to run a Siberian nuclear power station. Thatcher posted her "wets" to the Northern Ireland Office. John Major ensures that a female MP who is a committed "Love Thy Neighbour" Christian has publicly to defend the deportation of a Saudi dissident.

Yours sincerely,
I. MORGAN
Lincoln
4 January

Amazing grace

From Mr E. D. Daruvala
Sir: Was the "city crusader who lost the battle" (Comment, 6 January) put out of his misery by a shot from a grease-gun? Jeremy Warner seems to suggest so with his "coup de gras".

Yours faithfully,
E. D. DARUVALA
Cambridge
6 January

Blair's big idea to suit the nation's grumpy mood

The Labour leader's vision of a 'stakeholder society' goes a long way towards rediscovering a credible project for the centre-left

Tony Blair is finding his true voice. Catapulted unexpectedly into the Labour leadership and learning on the job, he has spent many months publicly refining his message, sharpening his ideas, searching for words that will really hit home. Now, far from home, in Japan and Singapore, he has started to come up with the language for his election campaign.

Politics is about philosophy and the big picture, as well as detailed policy and crisis management. If voters have no sense of where a government is headed, or how it thinks about the world, then their interest in its legislation will be pretty limited. In Blair's case, it has had a huge historical weight to dislodge before Britain takes it fully seriously.

Since Labour was last in power, the state has been largely discredited as a means of social advance. It has been edged aside by the market and by globalisation. It has had its nose rubbed in its own failures to run industries efficiently or to raise up a welfare state without modernist slumps.

Faced with this the centre-left, which had been the state's central nervous system in the post-war

world, was defeated not only at the ballot box but in the battle of ideas, too. Socialism became terminally unfashionable, except among a thinning fringe of optimistic revolutionaries and academic has-beens.

So to declare that Blair is starting to turn the intellectual tide is a very big claim indeed. It would mean not only that he had found a credible new role for the state, but that he was able to distinguish new Labour's programme from the Tories in ways that made sense, without denying the facts of the new economic order. Yet this is what seems to be happening.

His first technique is to change the terms of intellectual trade. In his speech to Japanese business leaders last Friday, he accepted that in the global market, deregulation and financial orthodoxy were essential: "Some of the changes made by the Conservatives in the 1980s were inevitable and are here to stay."

But he immediately went on to argue that they were only the beginning. "The first era of response to globalisation... The next era will be the creative age, where the economics of the 21st century will be dominated by those countries that

save, invest, innovate and... develop the potential of the one resource that will be exclusively theirs: their people." And in this second era, he argues, Labour is naturally placed as the best party to take up the baton of economic advance.

Thus, in a few sentences, the historic failure of state socialism is admitted and swiftly relegated as wholly irrelevant to contemporary politics. The Thatcher revolution is patted on the head and dismissed. Labour's mistakes are acknowledged and airily discarded as old stuff, fit for student debating clubs and history books, rather than live general election ammunition.

This is cheeky but shrewd. Point-scoring politicians endlessly look back over one another's records. But to the voters, being thought right matters much more than being thought original or consistent: it did not damage Churchill, Eden or Macmillan in the Fifties that they were running on tracks laid down by Attlee's exhausted administration. Similarly, if Labour has converted to the current economic consensus, middle Britain is likely to be reassured rather than contemptuous.

So now Blair proposes Labour and the "stakeholder economy" as



ANDREW MARR

The election will now be a genuine battle of ideas

the next step for British modernisation, an advance on the Tory past, rather than a break with it. But where does that leave the state, whose past failures destroyed the previous model of socialism and which most Conservatives regard more as problem than solution?

Well, to be brief, Blair attempts to reinvent it. Rather than owner of industries and wealth-churner, the state becomes the long-term shareholder, the wise investor, the guardian of the future. Its job is to add the wider and longer-term

thinking which market economics by itself tends to forget: to remember the market outcasts and drag them back into the economy; to persuade us to save when we would rather spend; to invest national wealth in dull training and education rather than flippant new cars and Mediterranean holidays.

For this, the state keeps its power of compulsion. For some, life in Blair's stakeholder economy would be stringent. Unemployed young people would be obliged to take whatever jobs or training were offered, or face a cut of 40 per cent in their benefits. Parents would be obliged to help their children with homework through home-school contracts. (Though quite what sanction they would face is unclear. Parental detention? Lines?)

Schools would be obliged to change their culture to create more scope for academic excellence. Companies would be forced to abide by minimum wage and social contract legislation. Employees might be obliged to save more of their income for pensions. Noisy neighbours, threatening beggars, young tearaways... all would find the state more active than ever. It would be a social contract with two sides.

There are real objections to all this on which the Tories might profitably dwell if they forgot their current hogwash about Blair's Asian speeches being mere soundbite politics - or, in John Major's curiously oxymoronic phrase "substantially... an empty box".

First, it relies on faith in politicians and bureaucrats. Why, one might ask, should the state be wise in directing human capital for the next century when it has been so foolish about directing industrial capital during the past century? Aren't media companies and sophisticated 14-year-olds likely to make better judgements about the next trends and skills needed than the directors of Labour's University for Industry?

Second, there is a governemess, disciplinary tone that a stropky country like ours might eventually find hard to swallow. All these new obligations, for instance - the only one missing is a new contract between GPs and patients in which New Britons promise to upgrade and invest in their cardiovascular systems prior to an annual health audit.

These are the most obvious drawbacks to Blair's "stakeholder soci-

ety" which, in other respects, goes a long way towards rediscovering a credible project for the centre-left. Are they serious enough to cancel out the prize of greater security, fairness and long-term economic success which he offers as the reward for giving the state another chance?

My guess is that if the stakeholder message gets across, it will be popular. It has the right feel for this grumpy, unhappy and insecure recovery. In retrospect people feel that there was something wrong about the boom-bust economic rollercoaster of the Eighties and early Nineties. The house price boom followed by the crash is too neat and universal a morality story for the British to forget before the next election. And there is a moral hardness about Blair's central proposal, that we get more back from society only by putting more in, which seems like common sense of a kind old Labourism lacked.

This may be the year of the general election which changes Britain more than any since 1979. What Blair has made certain of is that it will not be a contest merely between tired politicians and implausible manifestos. It will now be a genuine battle of ideas as well.

France's last good European?

To unite Europe around Franco-German reconciliation was Mitterrand's great dream and political achievement, says Richard Mayne

On a cold dark November night in 1988, François Mitterrand addressed a huge crowd in front of the Pantheon in Paris. It was a ceremony to transfer to that national Valhalla the mortal remains of Jean Monnet, the founder of the European Union. For some statesmen it might have been a routine act of homage with electoral overtones. For Mitterrand, it was a genuine tribute - a confirmation that both men saw Europe as vital to France's future.

"I have never forgotten", Mitterrand wrote in his diary a few years earlier, "the enthusiasm of the early days: the European Congress at The Hague in 1947, the Home Congress in 1948, the passion that enflamed us all. To reconcile France and Germany in a greater community: we reacted rapidly then, two years after the death of Hitler and the collapse of his Reich."

Franco-German reconciliation was Mitterrand's prime European objective as much as it was Monnet's. He always remembered how his grandparents wept at any mention of France's defeat by Prussia at Sedan in 1870. Born in one Franco-German war and marked, equivocally, by another, he had every reason to back the uniting of Europe; and if he voted against the European Defence Community, that was only because he still feared that it might revive German military strength.

He was never, in fact, as single-minded as Monnet. His enemies called him Florentine, thinking of long knives and Renaissance alleys, and his record on Europe included scepticism and disillusion as well as hope. Far more than Monnet, he saw the United States as both a safeguard and

a potential danger. American-based multinationals, he once remarked, were so dominant that "the real capital of Europe is Washington".

Long before talk of a single currency became general, he confided to his diary: "The Americans have dominated by their currency the Europe they liberated by their weapons. The Europeans will free themselves if they can create a currency of their own."

The Elysée chronicles of Mitterrand's talkative aide Jacques Attali, published verbatim but not perhaps to be taken as such, are full of presidential side-swipes at American presumption - including, ludicrously, envy of the terrestrial globe that Reagan kept in his office. When Mitterrand returned to Paris after a visit to Washington, he told Attali to get him one like it. To their joint

"The Europeans will free themselves if they can create a currency of their own"

discomfiture, no French maker could supply one off the shelf. So Mitterrand ordered 20 to be specially made, one for himself and the rest to be donated to visiting heads of state.

But if there was a touch of Gaullism in Mitterrand's attitude, he never expressed it in Gaullist, nationalist terms. He knew, as Monnet did, that only a united Europe could aspire to anything like equality with America; and at times of dis-

fusion with progress in Europe his uneasiness again centred on Germany. "Germany grows as Europe shrinks," he wrote in 1973.

It was a worry that surfaced again at the prospect of Germany's unification. But meanwhile, in October 1982, he had met the newly elected Chancellor, Helmut Kohl. Almost the first words that Kohl uttered, according to the Pepsy-like Attali, were both ominous and assuring. "Make no mistake," said Mitterrand's stately visitor, "I am the last pro-European German chancellor." His uncle and his elder brother, he added, had been killed in the two world wars. Like Germans and many Frenchmen, he had visceral reasons for seeking Franco-German *entente*.

Quite clearly, Kohl and Mitterrand saw eye to eye on Europe, despite their coming from opposite ends of the political-party spectrum. Together, they solved the nagging problem of Margaret Thatcher's objection to Britain's budgetary contribution; together, they steered through the Single European Act; together, they helped to confect the bustling patchwork of the Maastricht treaty. Together, had Mitterrand survived both politically and physically, they would no doubt have inaugurated Europe's single currency, the ill-named and possibly ill-starred Euro.

If Mitterrand had foreseen, back in 1982, his ultimate replacement by Jacques Chirac, should he have warned Chancellor Kohl that he was meeting "the last European French president"? From Chirac's public statements, it remains hard to tell. Running for office, he was all things to all men - so much so that one Paris journalist congratulated France on



Presidents Mitterrand (left) and Kohl came from opposite ends of the party spectrum, but walked hand in hand on Europe

Photograph: AP

having elected at least two presidents in one.

Chirac has made semi-Gaullist noises and gestures, including his refusal to attend in person the late-March opening in Turin of the Inter-Governmental Conference to review the Maastricht treaty, popularly known as "Maastricht 2". Yet he has backed the austerity plans of his Prime Minister, Alain Juppé, designed partly to enable France to meet the Maastricht criteria for monetary union and the single currency. And although Jacques Delors has famously warned that the Franco-German relationship, so central to Europe, needs careful nurturing, there are few signs as yet that it risks falling into disrepair.

The prominence given to Delors' remark by the British media, in fact, may be a further example of the obsessive-seeming *schadenfreude* with which commentators on this side of the Channel greet any sign of rifts in Europe. From the far side of the Eurotunnel that links but still fails to unite the British and their neighbours, Franco-German relations look more solid than some would

like to think. Jean Monnet repeatedly invoked "necessity" as a force in human affairs, and there is, whatever the obstacles, a sense of inevitability about the drawing-together of Germany and France.

If there was a touch of Gaullism in Mitterrand's attitude, he never expressed it in Gaullist terms

Mitterrand was sometimes discouraged and often mistrusted: when he stood against De Gaulle in the first round of the 1965 French presidential election, Monnet voted for the centrist Jean Lecanuet. But in the two-candidate run-off, rather than endorse De Gaulle, Monnet voted for Mitterrand. Why? Because, as Monnet explained in his memoirs, Mitterrand had come out "in favour of a Europe built by the

process already begun in the economic and technical fields." In other words, he accepted that the process launched in the Fifties not only had gathered overwhelming momentum but was also the right course of action for any foreseeable future.

With so many challenges facing Europe - Yugoslavia, unemployment, eastward enlargement, monetary union, agricultural reform - France and Germany have little alternative but to continue providing the motor for progress. Chancellor Kohl and President Chirac both agree that a European Germany is the only option for those who fear a German Europe. And if they, like the British, are divided and uncertain about the form that their and the EU's relations will or should take, they might well remember the words of a wise Frenchman - not Mitterrand, but a friend of Monnet's: "We don't know where we're going; all we know is that we're going there together."

The writer is former personal assistant to Jean Monnet.

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ANOTHER VIEW Hua Jinzhou

Protecting the welfare of China's orphans

The Chinese Embassy in the UK deeply regrets the report of Human Rights Watch/Asia, which made groundless accusations against China.

China attaches great importance to the healthy development of children. It protects the legitimate rights and improves the welfare of children, especially those of orphans and the disabled, through legislative, judicial and administrative means. The Chinese government has been taking concrete measures to protect the rights of infants, including training of childcare personnel and providing material and financial resources.

Take the Shanghai Children's Welfare Institute, for example. At the end of 1994, the Shanghai Children's Wel-

fare Institute had 402 orphans. It accepted 202 new orphans that year but 183 left the orphanage. Among them, five found their parents, 124 were adopted, 10 became employed and formed their own families, 36 shifted to other orphanages and eight died. At the end of 1995 the total in the orphanage stood at 517. During that year, 276 new orphans were accepted and 166 left. Among them, 139 were adopted, 17 were shifted to other orphanages and 10 died.

The majority of orphans in the Shanghai Orphanage were those who had lost their parents as a result of natural disasters or unexpected incidents, those who were mentally or physically retarded and unrecoverably

disabled, and those who were abandoned by their parents. The orphanage also took temporary care of those children who lost their way because of their parents' carelessness.

Some babies were in a critical condition when they came to the orphanage, and some were about to die. The orphans were given prompt medical treatment. Thanks to such efforts, the mortality rate in the past few years has remained around 4 per cent. The allegation that 1,000 children have died of unnatural death in the orphanage is nothing but fabrication.

The allegation that children were abused in the Shanghai Orphanage is also groundless. The Shanghai Children's Welfare Institute follows a policy

of combining raising, treating and educating orphans. Medical treatment is sufficient. Eighty-seven disabled children received hospital operations for congenital heart disease and other ailments and, as a result, are now leading normal lives. Those who had movement difficulties were treated with both Chinese and Western medical methods, and the recovery rate reached 90 per cent.

Children with disabled limbs but normal mental ability were sent to school when they reached school age. The blind, deaf and dumb children were sent to special schools. Thirty-two children are now attending ordinary schools. To strengthen the education of these children, two teachers are

assigned for after-school coaching and supervision.

On 1 June 1993, a school was set up in the orphanage with different classes for children with learning difficulties, pre-school children and primary school children. All these measures guarantee the legitimate rights of disabled children in the Shanghai Children's Welfare Institute.

As a developing country, China has made tremendous efforts in setting up social welfare institutes and improving the living conditions for the children in these institutes and it will continue to do so in the future.

The writer is Counsellor (press) at the Chinese Embassy.

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Pension ruling leaves insurers facing flood of claims

NIC CICUTTI

Britain's insurers were yesterday facing the prospect of an avalanche of compensation claims for more than £100m from pension transfer victims, after losing a High Court bid to block legal action against them.

Thousands of people considering whether to take legal action against insurers were given the green light to do so in a landmark judgment at Bristol Magistrate's Court yesterday.

Judge Raymond Jack QC rejected a claim by some of Britain's biggest companies, including Prudential and TSB Life, for a stay on the proceedings brought against them by a Bristol law firm, Ringrose Wharton.

Bill Day, national pensions officer for the GMB general union, whose members formed the bulk of the initial cases before the court, said: "I am delighted that the argument has gone our way and decisively so."

"We are expecting an expedited hearing in February on behalf of our members. The speed with which their cases are being dealt with is far superior to the review by the Securities and Investments Board [the leading City watchdog], touted by insurers as an alternative."

"There is now a much greater likelihood that people will receive full and proper compensation than would have been the case had we lost. Many thousands of individuals who would otherwise have been

blocked from taking the legal route have had that obstacle removed."

Unions will press ahead with compensation claims on behalf of workers advised to leave public sector pension schemes in the 1980s and start private ones instead.

Law firms around the country are already dealing with about 1,200 cases, including teachers, miners, nurses and local government staff. Thousands more are expected to join in the action. Should their

claims succeed, insurers could face a total bill of £100m or more. The 50 GMB members whose cases are to be heard in February are claiming more than £1m in compensation.

The legal action by Ringrose Wharton follows a study by the SIB some 15 months ago, showing that about 1.5 million people may have been mis-sold a personal pension.

A review started last year was supposed to ensure that the 350,000 most urgent pension cases would be dealt with by last

Christmas. In fact, the industry's regulator has admitted that only a tiny minority of cases have been reviewed so far.

Ringrose Wharton argued that, in addition to any delays, the SIB review could not guarantee their clients as much compensation as the legal action might obtain.

Insurers counter-claimed that unless the action were halted, courts all over the country would be unable to cope with the resulting flood of cases. They also said the Royal Col-

lege of Nursing, another organisation involved, and the GMB were engaged in "improper" activities for a trade union.

However, Judge Jack dismissed this argument. In a 39-page ruling, he said courts were perfectly able to deal with cases coming before them.

Rejecting the insurers' application for leave to appeal to the High Court, he awarded the unions' costs - estimated to be at least £100,000, against the insurers.

David Linnell, regulation and compliance director at Prudential, said: "We are disappointed. What worries us is the possibility that if we are forced to deal with a large number of legal claims, the effect might be to take away resources from the reviews we are carrying out for our other policyholders."

He added that the Pru and other insurers would study the ruling carefully before deciding whether to challenge it at the Appeal Court.

Christmas cheer: Tourists helped swell retailers' coffers, but independent forecast warns of slowdown in expenditure

Surge in high street spending raises hopes

PAUL WALLACE
Economics Editor

Retailers enjoyed a good December, arousing hopes that 1996 will see a return of the "feel-good" factor.

But a new independent forecast based on the Treasury model warned that consumer expenditure would rise in 1996 by 1 per cent less than the Treasury has predicted.

Supported by high levels of discounting, retail sales rose by 4.3 per cent in December on a year ago, according to British Retail Consortium (BRC). This was the strongest increase recorded by the Monitor since April, though below the 4.9 per cent annual increase seen in December 1994. A flurry of trading statements later this week from large retailers such as Dixons, Argos and Storehouse is expected to reinforce the message of strong sales over the Christmas period.

According to the BRC, food and drink and personal computers performed strongly. London stores did particularly well, benefiting from record numbers of visitors from abroad. By contrast, footwear, furniture and carpets and DIY continued to suffer from the low level of turnover in the depressed housing market.

The results were welcomed by James May, BRC director general, as "a good finish to the year". Calling for further reductions in interest rates, Mr May said: "We are reasonably hopeful that with the drop in interest rates and tax cuts, there will be continued recovery in consumer spending in 1996."

However, new figures from the Bank of England showed that the growth in consumer credit fell back in November after the record surge in October. The increase of £613m

was about £100m less than the City had predicted, and October's rise was revised down by £40m to £830m.

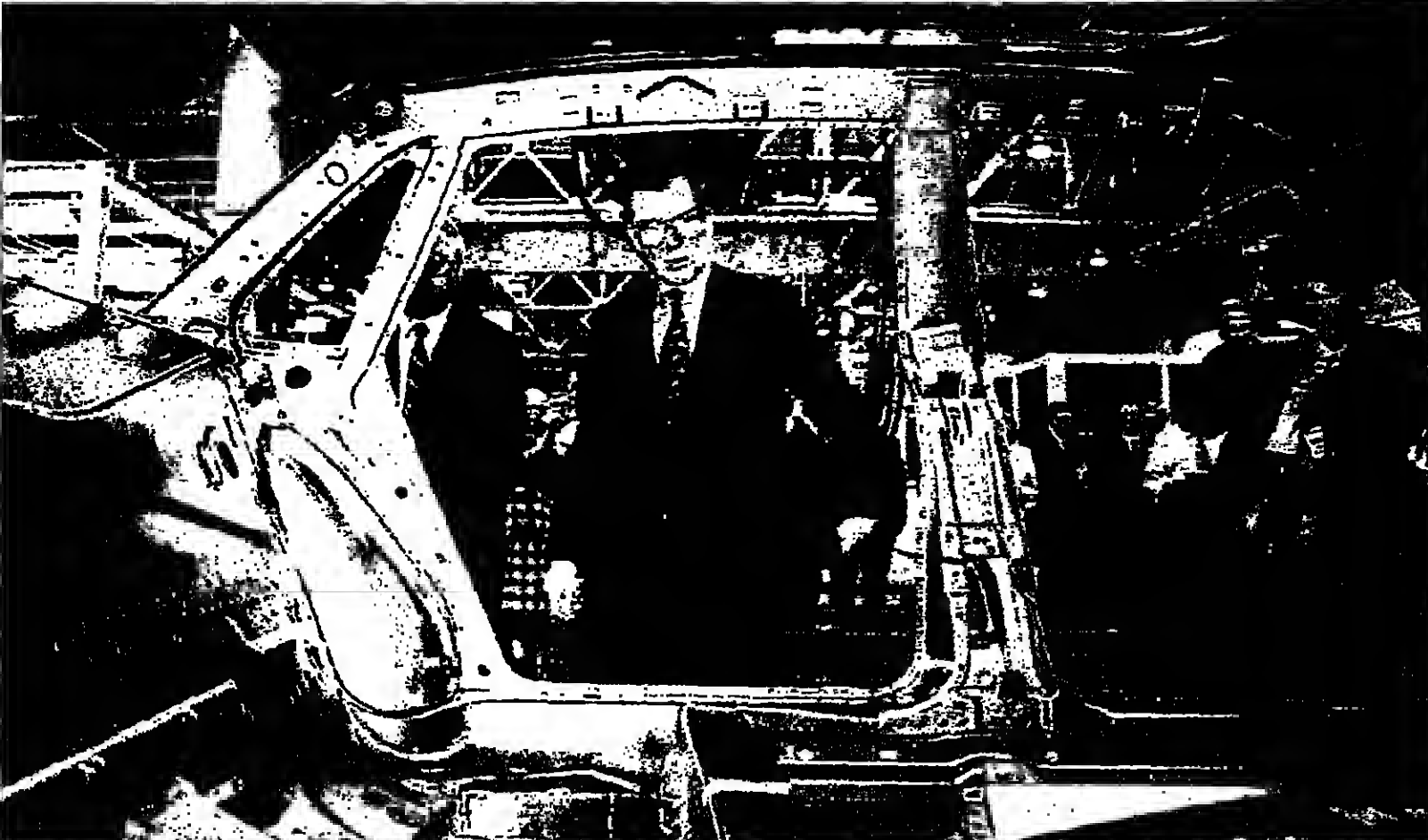
Although the underlying trend in consumer credit is one of surprising buoyancy - it is rising at an annual rate of about 13 per cent - this is not generally interpreted as a portent of a consumer boom. "Consumers have come out of the recession not just looking for bargains in the high street but in how they finance them," said Jonathan Lloyes, economist at HSBC Markets.

In its latest forecast of the UK economy using the Treasury model, the Ernst & Young Item Club predicted a growth of consumer spending of 2.4 per cent in 1996, considerably less than the 3.5 per cent projected by the Treasury at the time of the Budget.

However, the forecast saw sluggish growth in the first six months giving way to much more buoyant conditions. According to Paul Droop, chief economist, "the second half of 1996 holds out the possibility of a return to much stronger spending in the high street."

The forecast disagrees with the Treasury view that spending will be boosted not just by rising real income but also by consumers dipping into their savings. Instead, Paul Droop argues that consumers are still intent on building up financial assets to compensate for the decline in the housing market.

He hopes that the housing market may be on the turn being bolstered by a rise in net lending from £947m to £1,233m in November. However, the number of new mortgage offers - often seen as a reliable lead indicator of house prices - fell back slightly to 79,000 from 80,000 in October.



Against the trend: Ian Laing, President of the Board of Trade, at Jaguar's Castle Bromwich production line. Jaguar sales are up 30 per cent world-wide

'Feel-bad' car makers expect slow growth

RUSSELL HOTTEN

Motor manufacturers warned yesterday that car sales this year would grow at a "relatively slow pace" and believe the Treasury's 3 per cent economic growth forecast for 1996 is too optimistic.

Members of the Society of Motor Manufacturers and Traders, which joins several forecasters to have queried the Treasury figures, said uncertainty about job prospects and a subdued housing market meant consumer confidence would remain fragile.

The comments came after a difficult year in which car sales rose just 1.8 per cent, and are forecast to rise by only 1.3 per cent this year.

Despite SMMT figures out yesterday showing that sales at the top end of the market are surging, the private buyer deserted the market and diesel car sales fell for the first time since records began.

Margaret Pyne, SMMT chief economist said: "Most of our members feel that growth this year will be below the 3 per cent level the Treasury forecast at the time of the Budget."

"Members believe the absence of a sustained improve-

ment in the 'feel-good' factor will continue to act as a major impediment to further significant growth in expenditure on durables, including cars."

Last year's car sales rise of 1.9 per cent was underpinned by a 7.2 per cent rise in fleet regis-

trations. But manufacturers believed the fleet replacement cycle was probably at its peak and would decrease in 1996, the SMMT said.

Diesel car sales, which have consistently risen year-on-year, were 19.1 per cent down on last year. Manufacturers have spent millions of pounds developing so-called environmentally friendly diesel engines. The SMMT believed the fall had nothing to do with reports last year that diesel "particulates" were dangerous. The drop was blamed on a fall in the price of second-hand diesel vehicles.

There were wide variations in the UK sales pattern. The biggest rise in sales came in Oxfordshire, up 17 per cent, and Northants (21 per cent).

The heaviest falls were in Buckinghamshire (20.9 per cent) and Derbyshire (17.4 per cent).

Sales of cars to the private buyer, which in 1995 as a whole fell by 2.9 per cent, shrank by

just 0.9 per cent in the South-east. The region had been badly hit in 1994.

In Greater London sales rose 0.9 per cent, but fell 10.5 per cent in Bedfordshire. In 1994 it was in the rural regions where sales were growing fastest. But in 1995, sales in Scotland fell 6 per cent, including a 10.6 per cent decline in the Highlands. Yorkshire saw a 5.4 per cent fall, including 9 per cent in Humberside.

Meanwhile, world-wide sales of Jaguar cars rose more than 30 per cent in 1995 to 39,725, up from 30,020 in 1994. The value of exports exceeded £1bn for the first time in the company's history.

Oil price surges as blizzards hit US

DIANE COYLE
Economics Correspondent

Blizzards that dropped up to 30 inches of snow on the East Coast of America took oil prices to an eight-month high yesterday.

The snows also kept the US financial markets closed for most of the day, although shares on Wall Street rose during the special three-hour trading session.

The Dow Jones industrial index ended nearly 10 points higher at 5,191.9, after a more buoyant start.

This had helped shares in London reach a record, with the FT-SE 100 index up just over 16 points at 3,720.6.

Federal workers in Washington were told to stay home because of the weather. On the first day of their return to work after the longest government shutdown in American history. However, politicians struggled into the office so that the frosty budget talks between the Clinton Administration and Republican leaders in Congress could continue.

The Federal Reserve announced that it would delay the publication of figures due out on consumer credit, while the Treasury Department postponed a \$28bn auction until today. Currency and bond markets elsewhere were extremely quiet, taking their lead from the lack of US trading.

The only traders to get to work were those who lived in Manhattan, with main roads closed. Most New York exchanges opened for three hours. The commodities exchange Nymex stayed closed all day.

The price of the benchmark Brent crude North Sea oil for February delivery rose by up to 26 cents, and was still up 18 cents at \$19.23 a barrel in late trading. This followed a 37 cent surge on Friday, and an increase of 22 per cent since the beginning of October.

Sainsbury's shake-up to restore confidence

Sainsbury's is expected to announce top management changes later this week in an effort to strengthen its board and restore investor confidence, writes Nigel Cope.

While some speculation suggests that David Sainsbury might be about to split the roles of chairman and chief executive, lower-level changes are thought to be more likely.

One possibility is that the company will appoint an international director, to oversee the group's US interests which include the Shaw's chain as well as Giant, the Washington

and Baltimore group in which Sainsbury's has a 16 per cent stake. Sainsbury's is keen to buy the remainder of Giant and may be about to make its move following the recent death of Giant's founder and majority shareholder.

A restructuring of the board could see Tom Vyner, Sainsbury's influential deputy chairman retiring earlier than expected. He is due to retire early next year but could decide to go sooner. Dino Adriano, recently promoted to deputy managing director, is a leading candidate for promotion.

Fyffes succeeds as banana king

NIGEL COPE

Fyffes became Britain's largest banana supplier yesterday when its deal to acquire Geest's banana interests cleared the final hurdle. Geest, whose remaining operations include a prepared foods and sauces business, is now expected to become a takeover target with some analysts expecting a bid within the next few months.

Shareholders in both Geest and Fyffes voted separately to approve the £147.5m deal in which Fyffes has combined with Wibedco, a Windward Islands trading group. The sale is expected to be completed tomorrow.

The deal gives Fyffes control of almost 50 per cent of the UK banana supply market. However, competition authorities have allowed the deal as Fyffes will control less than 20 per cent of the European market.

Fyffes is expected to make some disposals including the possible sale of Geest's Costa Rican banana farm and two large ships.

However, analysts said the deal would make little difference to the UK's supply of bananas. The quotas which restrict the export of cheaper "dollar

bananas from central American producers to Europe will remain in place.

Geest will book £21.5m as a result of its banana sale. However, analysts now expect the remainder of the company to be swallowed by a rival food group such as Unigate, Hillsdown and Northern Foods which all have prepared food divisions. Geest's remaining operations have modern well invested factories which manufacture own label products such as ready made meals and pasta sauces for the supermarket groups. This is a growing market and most of the major food groups are keen to expand further in this area.

Informal talks are thought to have taken place between Geest and other food groups before the banana sale. However no discussions are thought to be taken place at the moment.

City analysts are divided on a likely bid price. BZW suggests a possible take-out price of 250p per share, compared to yesterday's closing price of 210p.

One view is that after stripping out bid speculation, the true trading level of the shares is around 170-175p with a bid price little higher than the current level.

Freshfields top of the takeover table

BY ROGER TRAPP

Freshfields has ousted Slaughter and May from the highly sought-after top position in the annual league table of lawyers working on UK public takeovers. It acted on 31 deals worth a total of £32.2bn, compared with its rival's 30 transactions totalling £29.7bn, according to the 1995 listing by *Acquisitions Monthly* magazine.

This was a boom year for mergers and acquisitions, with Freshfields' winning total nearly eight times that of Slaughter and May's 1994 performance. It is estimated that law firms earned about £200m of the approximately £950m in City fees generated by takeovers during the year.

The firm's success in the overall table for lawyers to fi-

nancial advisers or companies, results from its involvement in the year's five largest deals, including a joint role for TSB in its £6.1bn acquisition by Lloyds Bank and as sole adviser to Southern Electric, which beat off National Power's £2.8bn bid. However, Slaughter and May, which had headed the overall listing for two years, remained top of the table of advisers to companies with 22 deals worth £23.6bn. In this category, Freshfields moved up from seventh to second place, with 20 deals worth £19.6bn.

Other climbers included Norton Rose and Theodore Goddard, which rose from 11th and 20th places respectively to come seventh and ninth. Norton Rose achieved a wide spread of business, while Theodore Goddard benefited from joining Freshfields on the TSB deal with Lloyds Bank.

Allen & Overy also moved up, from 17th to eighth, with 17 deals worth £7.8bn. In contrast, McKenna & Co, a top 10 firm in previous years, failed to make the top 20.

Five of the top six positions in the combined table went to firms involved in Glaxo's £9.1bn takeover of Wellcome. The exception was Linklaters & Paines, which still came third, with 19 transactions worth £20bn.

STOCK MARKETS									
Index	Close	Day's change	1995/96 High	1995/96 Low	1995/96 High	1995/96 Low	1995/96 High	1995/96 Low	1995/96 High
FT-SE 100	3720.60	+16.10	3720.60	2954.20	3.86				
FTSE 250	4090.10	+8.90	4090.10	3300.90	3.59				
FTSE 350	1948.50	+7.10	1948.50	1482.40	3.80				
FT Small Cap	1974.61	+4.94	1974.61	1678.61	3.16				
FT All Share	1821.21	+6.82	1821.21	1469.23	3.75				
New York	5192.99	+11.56	5207.44	3832.08	2.25				
Tokyo	20563.58	-105.45	20669.03	14485.41	0.731				
Hong Kong	10466.67	-63.23	10573.90	6967.93	3.541				
Frankfurt	2323.48	-8.40	2331.88	1910.96	1.911				

INTEREST RATES									
Short sterling	UK medium gilt	US long bond	3M	6M	12M	3M	6M	12M	3M
5.45	7.8	6.5	5.45	5.45	5.45	5.45	5.45	5.45	5.45
5.45	7.8	6.5	5.45	5.45	5.45	5.45	5.45	5.45	5.45

CURRENCIES									
£/\$	£/DM	£/¥	£/A\$	£/NZ\$	£/S\$	£/HK\$	£/KRW	£/INR	£/RUB
1.5499	0.6452	155.45	0.6452	0.6452	0.6452	0.6452	0.6452	0.6452	0.6452

OTHER INDICATORS									
Index	Latest	Yr Ago	Best	Worst	Index	Latest	Yr Ago	Best	Worst
Oil Brent \$	19.22	+0.17	16.35		RPI	149.8	+3.1%	2.6	18 Jan

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'It is far from clear that the alternative system - for which Labour generally looks longingly towards Germany rather than the Far East - is so superior'

Little substance in Blair's vision of partnership

As Nick Leeson languishes in a Singapore jail for his ill-fated escapade in Anglo-Saxon capitalism, red in tooth and claw, Tony Blair drops in to Singapore to sing the praises of the much nicer sounding "stakeholder economy".

Insofar as this cloudy concept means anything at all, it endorses the general idea of long-term partnership as opposed to the short-term promiscuous goings-on that are said to characterise the UK's free-wheeling market economy. In a heavily overcast passage - we're talking cumulo-nimbus here - Mr Blair says it's time for a change in emphasis in corporate ethos from companies as "a mere vehicle for the capital markets" towards a vision of them as a community or partnership "in which each employee has a stake".

What this appears to mean is that New Labour is no more enamoured of the City's rumbustious market in corporate control than Old Labour. The general accusation - though not one made in Mr Blair's speech - is that companies are forced to supersede shareholders, by now so hoisted on their fat dividends they cannot see beyond the next quarter, let alone their toes. Fear of corporate predators stops managers from pursuing long-term investment strategies. Instead, they insist on unrealistically high hurdle rates for new capital spending that have contributed to the investment famine in this recovery.

While there is something in all this, it is far from clear that the alternative system -

for which Labour generally looks longingly towards Germany rather than the Far East - is so superior. Indeed when many Germans look in the mirror of their system of corporate government they're not so keen on what they see, either. Small wonder when they contemplate the disastrous diversification strategy of bellwether Daimler-Benz which the present management is now seeking to rectify. As Sir Geoffrey Owen of the LSE's Centre for Economic Performance pointed out last week, the German system kept a company like AEG on the life support system long after it should have been put out of its misery.

The City certainly keeps industry on its toes - but maybe industry needs to be. Certainly there is no ready miracle cure, as Mr Blair himself concedes when he says that legislation cannot bring about the sort of company he holds high. Verdict: storm clouds - but no rain.

Is Labour bluffing over Railtrack?

Labour yesterday officially launched its campaign to halt privatisation of Railtrack, scheduled to take place in May. Unfortunately it was as unforthcoming as ever on the crucial question on how to reconcile its determination to have a publicly owned rail network with the fact that it has also ruled out renationalisation. "Aces up sleeve",

mutters John Prescott. To which the response must be "produce them, or we won't believe you", for at this stage it is hard to see what those aces could be. Or is he just bluffing? As with previous privatisations, Labour's effect looks like being merely to reduce the value of the sell-off, making it even more of a bonanza for investors, rather than halt it altogether.

Discounting Labour's sniping from the sidelines, the flotation of Railtrack is beginning to look a relatively straightforward exercise. From an investment point of view, Railtrack is a utility with a property kicker - in other words as safe a bet as you could hope for. This is a company whose revenues are largely protected by contracts with the train operating companies, many of the financial uncertainties surrounding Railtrack are beginning to fall away.

The government is certain to write-off some of the debt, perhaps from £1.7bn to £1bn, if not to the £500m Railtrack wants. The exact amount depends on how far Railtrack is expected to finance improving the West Coast main line and other projects. Other positive factors include a low tax charge because of the £1bn a year investment plans and an imminent decision by the regulator to allow Railtrack to keep 70 per cent of property development profits, which will be significant even if estimates of a £2bn windfall are silly.

On its own merits, this is a relatively safe utility with a regulatory regime that may prove

more stable than those in electricity, telecommunications and gas. Other things being equal, it might have been possible to sell the shares on a yield of less than BT's 6.6 per cent and still have scope for dividend growth. But because Labour is threatening to rewrite the rules if it wins, the thinking is that political risk demands that the shares are offered with a higher yield than BT. Unless there is a complete debt write off, the flotation price is therefore unlikely to exceed £2bn.

Labour has so far proved unable to come up with any workable ideas to implement its policy of putting Railtrack back under public control. Even the political risk may be exaggerated. The City will nonetheless extract its pound of flesh for it.

Stock Exchange cannot hold back the tide

Given the emotions it unleashed, it was perhaps inevitable that the unceremonious dumping of Michael Lawrence should be portrayed by some in black and white terms as the feisty reformer thwarted by a City cartel of luddites, desperate to preserve a lucrative anachronism. Time will no doubt reveal a more shaded picture, in which personality and management style had as much to do with the explosion as the fundamental issues of how shares are to be traded in London.

The leading market makers were clearly

alarmed at the prospect of a Big Bang introduction of order-driven trading in August. Given the Stock Exchange's less-than-glorious record of handling big reforms, the risk of a serious market breakdown could not be dismissed out of hand.

If the consultation now belatedly about to begin shows a strong market preference for an order-driven capacity to operate alongside London's traditional quote-driven mechanism, then it is naive to imagine that the market makers will be able to hold back the tide of change. Their skill, after all, is to be able to read the market, and they can see that change, largely technologically-driven, is steadily occurring. Already a large proportion of their business is already done on what are effectively order-matching lines.

The fact is that the share trading market in London is in many respects not as it would appear. That is the weakness in the market makers' defence, and the main justification for the reforms - that they will be formalising an evolution taking place anyway.

But in all this loud clash of views among the market giants, there is a risk that, as usual, the interests of the small investor will be overlooked. For all its faults, the market making system has served the small investor fairly well. The security of always being able to deal is a valuable one. It is not just a question about price, but also about availability. The consultation needs to bare these interests in mind. For the big boys have a way of doing well, whatever the system.

Square Mile under new threat from Amsterdam

JOHN EISENHAMMER
Financial Editor

The Amsterdam Stock Exchange has moved swiftly to exploit the turmoil at its London rival by stepping up its campaign to lure City business on to the continent.

Leading market-makers have just been sent invitations to a high-level dinner at the Netherlands embassy later this month to promote the advantages of the Amsterdam Stock Exchange. "They are not hanging around. All the Europeans are dramatically stepping up their efforts to take advantage of the mess in London," said a head of market-making at a leading City investment bank.

The continental moves come as the London Stock Exchange is reeling from the shock-effects of the firing last week of Michael Lawrence, its chief executive. He was ousted after the board said it had lost confidence in his management, amidst controversy over proposals radically to reform the way shares are traded in London.

Michael Cassidy, who heads the promotion of the City at the Corporation of London, sharply criticised yesterday the abrupt manner of Mr Lawrence's dismissal, and the fact that the public row has further undermined

the already shaken prestige of the Stock Exchange, as well as damaging the reputation of London as a financial centre.

To the City's continental rivals, anxious to make full use of new rules allowing so-called "remote membership" of their exchanges by London-based investment banks, the Lawrence debacle is being seen as a heaven-sent opportunity. The Dutch invitations cap a robust lobbying campaign in recent months highlighting the advantages of using the Amsterdam exchange over London for European shares. New European directives now allow an investment bank which is licensed in one member state to deal as a member on other exchanges without physically having a presence there. The effect of remote membership has sharply accelerated the loss by London of its European share trading business, which has been moving back to the continental exchanges, now seen in some quarters as more efficient than London.

The Frankfurt and Stockholm Stock Exchanges, notably, have stepped up their lobbying campaigns. "They are pushing very hard for City firms to take over remote membership. They have seen the problems on the

London exchange, and know that nowadays with everything being electronic, when it comes to dealing it does not matter where you are based," said a senior market-maker.

The London Stock Exchange is expected on Friday to publish its consultation document on share-trading reforms. The central thrust is whether to introduce a fully-blown automatic order-driven system alongside London's traditional dealing method run by powerful market-making firms, which use their own capital to make firm buy and sell prices for shares.

Representatives of the big market-making firms, which have now increased their representation on the steering committee which will oversee the market reforms, yesterday stressed that the exchange's August deadline for introducing order-driven reforms is unrealistic. But a number of head market-makers also dismissed suggestions that reforms could be blocked.

"If the broad consultation reveals support for order-driven capacity then there is no way market-makers can say no with any credibility. We have got all the technology that was not there before, change will come," said one market-maker.

French flair: Luxury goods firm Louis Vuitton takes a stake in duty-free market



Alders, the department store and duty-free retailer, was at the centre of takeover speculation yesterday when it emerged that the French luxury goods company Louis Vuitton Moët Hennessy had acquired a 2 per cent stake in the company, writes Nigel Cope.

An announcement on the Stock Exchange screens yesterday said that the LVMH finance director had confirmed the stake and quoted one analyst as saying: "This may be the

Alders takeover speculation grows

prelude to a full-scale takeover bid." Alders shares closed 14 higher, at 184p.

However, Alders appeared to know nothing about the stake and declined to comment. It is not known whether LVMH acquired its holding in one tranche, or through a se-

ries of smaller transactions. It is possible that Alders may issue Section 212 notices to confirm the identity of its new shareholder.

Alders has been touted as a possible takeover target since a slump in its share price. This followed a poor performance from

its department stores and concerns that its duty-free business would be threatened by the possible end of duty-free shopping in the European Union by 1999.

After being floated on the stock market at 170p two years ago, Alders shares peaked at 243p last May before slumping to below the issue price.

Last month Alders reported an 8 per cent fall in pre-tax profits to £23.5m in the year to September.

UKTV to challenge Channel 5 decision

MATTHEW HORSMAN
Media Editor

UKTV, the failed high bidder for Channel 5, was yesterday considering a fresh challenge to the controversial licence award, informed sources said.

It is believed the consortium, backed by the Canadian broadcaster CanWest, has reviewed documents and affidavits submitted to the High Court in advance of a separate challenge on the Channel 5 award mounted by Virgin TV, another failed bidder.

UKTV is to decide, after consultation with lawyers, whether the information might be used to mount new legal action. An attempt late last year to win leave for judicial review was denied by the High Court.

The fresh information is believed to centre on two issues: programming quality; and procedural unfairness. Virgin TV won its right to judicial review primarily on the issue of on-air fairness, and its case will be heard on 17 January. Both UKTV and New Century, a third failed bidder, have access to the documents and affidavits presented to the High Court.

These are believed to include copies of correspondence between the winning bidder, Channel 5 Broadcasting, and the Independent Television Commission, which show that the winning bidder was given two chances to clarify its funding arrangements.

Lockheed in £6bn defence deal

RUSSELL HOTTEN

Lockheed Martin, one of the world's biggest defence companies, is buying the bulk of the defence electronics business Loral for \$9.1bn (£6bn) in a further rationalisation of the US weapons industry.

Lockheed Martin will keep Loral's defence electronics and systems integration businesses, and spin off the satellite communications operation into a separate company.

The deal is another major consolidation of the shrinking defence business, and will add to pressure among European companies to cut costs through further mergers and cross-border alliances.

Lockheed Martin, itself a

merger in 1994 between Lockheed and Martin Marietta, is paying \$7bn in cash and taking on \$2.1bn in debt for the defence operations.

The satellite business will be renamed Loral Space and Communications with Lockheed buying 20 per cent of the business for a further \$344m. Loral shareholders would get one share of Loral space for every share they own.

Maryland-based Lockheed Martin makes military aircraft, space systems, missiles and electronics systems. New York-based Loral's products include radar jamming equipment, aircraft voice recorders and air traffic control systems. The combined company will have annual revenues of about \$30bn.

Keith Patriquin, an analyst at Loomis Sayles, said the deal confirmed Lockheed Martin's global position in both defence and civilian aerospace.

He believed Lockheed Martin did not try to buy the satellite businesses because of anti-trust worries - Lockheed and Loral are two of the US's three biggest players in this field.

"With some \$30bn in annual sales and a broad portfolio of businesses spanning aerospace, defence, commercial and civil programs, we are well positioned for the 21st century," said Lockheed Martin's chairman, Daniel Tellep, who added that the industry's consolidation had not run its course.

Combined with last week's Northrop Grumman purchase

of the defence-electronics holdings of Westinghouse Electric for about \$3bn, the deal puts further pressure on Boeing, McDonnell Douglas and General Motors' Hughes Electronics.

But it will also cause worry among European defence businesses, which are trying to consolidate in the face of declining government spending budgets.

Meanwhile, the battle between Boeing and Airbus for aerospace business should be highlighted today with the expected announcement of a huge Malaysian airline order.

Malaysian Airline System was due to announce the purchase of about 25 long and medium-range aircraft worth \$4bn, with Boeing taking the lion's share of the order.

Greenbury company pensions proposals spark new row. Peter Rodgers reports

'Employers want to have cake and eat it'

A new row broke out yesterday over the Greenbury Committee's proposals on disclosure of directors' pensions, when employers were accused of trying to "have their cake and eat it".

Some employers have been strongly critical of the Greenbury proposals because they will show that pension benefits resulting from salary increases can be worth several times annual earnings.

They fear that once this hitherto secret benefit is disclosed in annual reports there will be heightened public concern about rewards for "fat cats".

But Paul Thornton, chairman of the Pensions Board of the Institute and Faculty of Actuaries, said yesterday it was perfectly possible for companies to avoid sharp increases in pension benefits, even with the original Greenbury method.

He was introducing a consultative report on the subject commissioned from the act-

uarial bodies by the Stock Exchange and the Department of Trade and Industry.

Many employers have argued for a different method of disclosure which averages pension benefits over the years and shows less dramatic increases in benefits than Greenbury.

But Mr Thornton said that if companies based directors' pensions on the last three years of service rather than the final year it would remove the sharp peaks disclosed using the Greenbury method - and the

change would also bring directors' pension conditions more into line with those for employees.

Mr Thornton said companies often took full advantage of Inland Revenue limits, and moved the base for directors' pensions to the final year's salary to produce bigger benefits. It was this tendency he described as having their cake and eating it.

Peter Tompkins, the member of the Pensions Board behind the report, said much of the criticism of the original Greenbury

proposals reflected the fact that people were unaware that averaging out the remuneration on which pensions were based would remove the sharp peaks and troughs.

The institute report shows the effect of five different methods of disclosing directors' pensions. Although the actuaries insisted it was up to others to choose the best method, Mr Thornton and Mr Tompkins made little secret of their liking for the original Greenbury proposal. One of the five methods they considered, it is based on the difference between the transfer values of a director's pension at the beginning and end of a financial year.

Only two other proposals are serious runners. The first discloses the increase in the annual pension earned; the second, favoured by many because it smooths out increases, uses the accounting standard used for overall pension costs.

IN BRIEF

BAA plans stake in Naples airport

BAA, the airports operator, is negotiating to buy a controlling stake in southern Italy's biggest airport, Naples. The company said it had signed a letter of intent, paving the way for detailed talks. The airport is owned by city authorities and the national airline, Alitalia. Naples handles 2.5 million passengers a year, but BAA believes traffic will grow to 6.5 million passengers a year by 2015.

Wallis takes up post at LLP

Stuart Wallis, the former chief executive of Fisons, has become non-executive chairman of LLP, the publishing group known until recently as Lloyd's of London Press. Mr Wallis will be working two to three days a week at LLP, a management buyout from the Lloyd's insurance market last month, and has taken an equity stake in the business. Mr Wallis is currently evaluating further jobs, having been "inundated" with approaches over Christmas.

SBC Warburg senior defects

SBC Warburg has suffered a further senior defection with the appointment of Anthony Brooke to take charge of UK corporate coverage at BZW.

Seaboard bid not to be referred

A bid from CSW, the US power utility, for Seaboard, the South East electricity company, will not be referred to the Monopolies and Mergers Commission, the Department of Trade and Industry said yesterday.

Ofwat ultimatum to United Utilities

Ofwat confirmed yesterday that if United Utilities refuses to agree a separate stock exchange listing for its water arm, North West Water, it could lead to a reference to the Monopolies and Mergers Commission. But a spokeswoman for Ofwat made clear this was a last resort and said the regulator still preferred informal undertakings. In an invitation to United Utilities to come up with alternatives to a separate listing, Ofwat said it was open to suggestions that would achieve the same ends.

Appointment a first for M&S

Marks & Spencer has appointed Clara Freeman as its executive director with responsibility for personnel. She is the company's first female executive director. Mrs Freeman has been with M&S for 21 years and was already personnel director but without a seat on the main board.

Inspirations improves 70%

Inspirations, the holiday company which now includes Caledonian Airways, increased profits by 70 per cent in the year to September from £4.5m to £7.6m. Sales were also 70 per cent higher at £356m.

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Drugs sector's high set to last

The pharmaceuticals sector has staged a spectacular recovery from its dismal performance in 1992 and 1993. The 33 per cent outperformance by the index against the market has been one of the best on record, although it failed to match the 55 per cent notched up in 1991, when investors fled to drugs stocks as a safe haven from impending recession.

A combination of the lifting of the threat of major US healthcare reforms by President Clinton and an onshore takeover fever helped lift the share prices of all the large companies last year. Most analysts are now looking forward to a continuation of the trend, albeit at a less impressive rate.

Most believe the pressure on drugs costs from governments, one of the sector's major depressants since 1991, may hit bottom this year. That should help arrest margin erosion, particularly as the cost-cutting on which recent mega-mergers have been predicted should start to bear fruit.

Perhaps even more significant, given the importance of sentiment to investment, is a possible repeat of the 1991 experience. If current forecasts prove correct and economic growth decelerates, then the sort of low double-digit earnings increases likely to be notched up by drugs companies in 1996 and 1997 will look attractive as more cyclical sectors enter a down-trend.

Finally, the optimists are pointing to further mergers and acquisitions this year, although on a smaller scale.

SmithKline Beecham could turn out to be the safest bet in 1996. The 1989 mega-merger between SmithKline Beecham of the US and the UK's Beecham which created the group is now well bedded down. It has also coped well with the ending of the patent on its best-selling Tagamet anti-ulcer drug in 1994.

A recent presentation on the group's research and development effort went down well with analysts. In contrast to similar briefings by Glaxo Wellcome and Zeneca, products now in late-stage phase III trials and expected to come to market over the next two years could eventually represent peak sales of £1bn or so.

The company should also be well placed to benefit from trends towards so-called self-medication, as people increasingly fight shy of doctors to treat themselves. The net \$1.9bn (£1.2m) acquisition of Sterling Winthrop in 1994 created the world's biggest non-

prescription healthcare company, a strategy reinforced by last month's £91m acquisition of a German maker of grocery-store medicines. More of a gamble was the \$2.3bn addition of Diversified Pharmaceutical Services in the same year. DPS should allow SmithKline to cash in on the moves in the US by drugs "wholesalers" to manage the market on behalf of customers such as insurance companies.

Now the sector giant since last year's £9bn takeover of Wellcome, Glaxo's attention is going to be focused in the medium term on integrating its new partner. Crucial to that will be promised cost-cuts, which brokers estimate could be a higher-than-expected £800m by the end of 1998. But equally important is what it does to replace Zantac, one of the world's most successful drugs, and Zovirax, Wellcome's best-selling herpes treatment, when the patents on both run out in 1997. Zantac's profits in the following year are set to halve from just under 40 per cent of Glaxo's total now.

Imigran, a migraine remedy, could be worth over £200m to the bottom line this year and the new 3TC-Retrovir anti-AIDS combination is expected to

contribute a further £200m or so. But, leaving aside any new blockbusters from its own R&D effort, Glaxo will increasingly have to license in new drugs from outside to fill the gaps.

If SmithKline's profits hit £1.53bn in 1996, its shares down 7p at 712p, stand on a prospective multiple of over 18, reflecting the bright prospects. By contrast, the less exiting outlook for Glaxo means its shares, up 7p at 895p, are nearer a market rating of 14, assuming profits of £3.2bn this year. Investors looking for a bit more excitement might turn to Medeva, whose Hepagene vaccine for hepatitis B now in phase III trials has a potentially huge market amongst the 2 billion people affected by the disease in Asia. After a strong run in 1995, the shares are still only on a multiple of 14, based on profits of £95m this year.

Acquisitions underpin Ellis

Chemicals distributor Ellis & Everard makes a lot of money out of the volatility of chemicals prices - when

they go up it passes on the increase as quickly as it can and when they fall it drops its feet. The massive swings in some chemicals over the past 18 months, however, have made covering your back as a middle-man unusually difficult, so yesterday's half-year figures were especially impressive.

Pre-tax profits of £13m for the six months to October were 24 per cent higher than a year ago and more than £500,000 better than analysts had expected. Earnings per share, up 18 per cent to 10.4p, allowed a useful 11 per cent hike in the first-half payout from 2.7p to 3p.

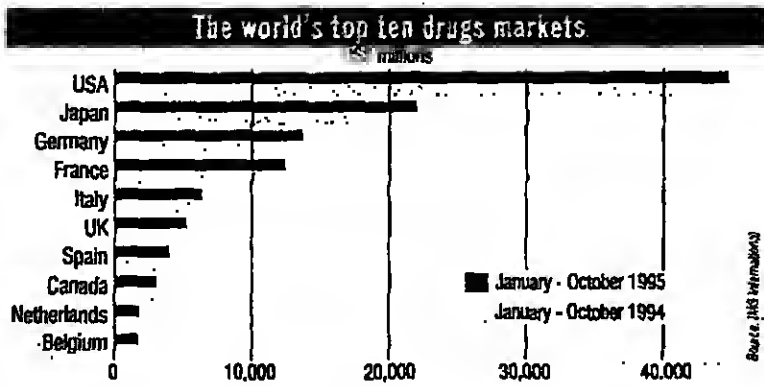
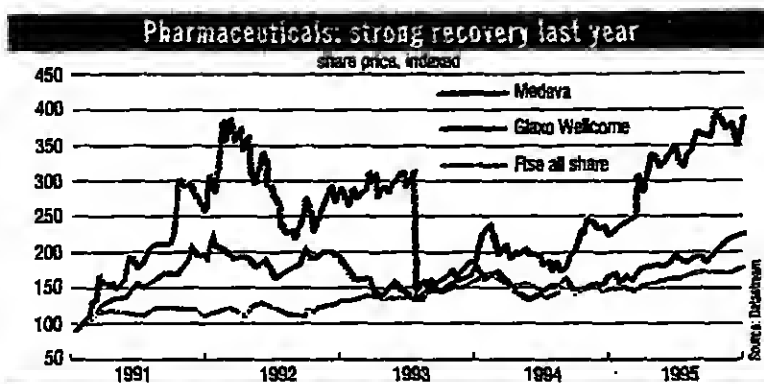
Peter Wood, chief executive, reckons the price of some commodity polymer chemicals doubled and then halved again within the space of a year as Chinese demand swung unpredictably. That is good news for distributors, of course, as manufacturers and end-users become increasingly unwilling to hold substantial product stocks when there is a danger that prices could move against them.

The other good news accompanying yesterday's figures was a continuation of the string of add-on acquisitions that has characterised the profit recovery over the past three years since the last hiccup in 1992. The deals announced yesterday will add 5 per cent to sales in a full year and take Ellis into New England, where it had previously had no exposure.

Following the acquisition of Rhode Island-based George Mann, Ellis becomes the fifth-largest chemicals distributor in the US and about 60 per cent of group profits will come from America. The other, smaller purchase, of Albright & Wilson's Benelux distributor of phosphate and surfactants, strengthens its links with the recently floated manufacturer.

If the latest acquisitions do as well as the two Horneman companies bought a year ago they will be a good use of the 4.18 million shares placed yesterday to pay for the deals. Thanks to last year's buys, European sales and operating profits were up 30 per cent and 27 per cent respectively.

Ellis's shares had a storming run in 1993 but have trodden water since. On the basis of forecast profits of about £25m in the year to next April, the shares, up 11p to 266p yesterday, stand on a prospective p/e ratio of 13, in line with the market. At that level, and with a 4.2 per cent yield, the shares are safely underpinned if unexciting.



Simon Pincombe CITY DIARY

Schroder's shogun picks up his futon and walks



The shogun of foreign investors in Japan has picked up his futon and walked. After 22 years with Schroder, Ed Merner, the amiable American fund manager with the piercing blue eyes, has left to pursue his career with Atlantis, an investment boutique, claiming the merchant bank has become too large for him.

Mr Merner, fifty-something, is one of the merry hand that went to the Orient in the Seventies to teach English and ended up in investment. Now head of Schroder's Japan Growth Fund and its Japanese Smaller Companies unit trust (until the end of this month) he built up a formidable reputation among the Japanese as Mr Long Term - and with it the tag of most successful foreigner (yes, the film will star Richard Chamberlain).

Suggestions that Mr Merner's departure will clobber the value of Schroder's funds were quickly denied yesterday, with the merchant bank adopting the "he's one of a team" defence. Andrew Rose takes over at the unit trust with Jonathan Bolton taking the reins of the growth fund.

Certainly there has been no shortage of opportunities for fund managers of late. The American houses are said to be offering to raid Fort Knox for experienced people, with one US bank paying handsomely for the services of a 73-year-old.

Barry Bateman, the former Unit Trust Association chairman who described the Government's wider share ownership drive as "misguided as the poll tax" is in bot water again. Apparently oblivious to the accepted meaning of the overworked euphemism, the chairman of Fidelity has been winging off memos about tonight's leaving bash for colleague Mary Blair with the honest obser-

vation that "she is off to spend more time with her family." Ms Blair has three children. "When I leave I'll tell him I'm going to be a stripper-gram," snaps a female colleague.

It is with trepidation that the London Guildhall University launches its new MBA programme - featuring that all-important topic, financial services regulation.

"You can state that Nick Leeson, the rogue trader responsible for the fall of Barings, was formerly a banking student at London Guildhall University," writes the academics. "Although, of course, this programme was not de-

signed in reaction to what Mr Leeson did." Perish the thought.

John Kemp-Welch, the former Cazenove fellow who has gone to great lengths to bold back the forces of nature at the Stock Exchange, must be horrified. His old firm - the emolument of the City lore that states "all shoes have laces and all cars are black" - are now running two M reg vehicles, one a violent red and the other a sickening blue. There is better news on the footwear front, though. Not one pair of shoes emerging from the firm recently were slip-ons, according to our man in a ditch in Tokenhouse Yard.

Funded pensions a mad idea whose time has come

If the ideas Tony Blair outlined in Singapore about the "shareholder economy" are insufficiently radical for you, consider this proposition: what would be the implications were the Singapore model of a state-run funded pension system to become the norm for the industrial world? Or, to put the point from the perspective of participants in financial markets: could the rise of state-sponsored investment funds become as important an influence on world finance in the next quarter century as the rise of institutional investors have been in the past one?

A mad idea? Far from it. Indeed, growth in state-sponsored investment funds seems inevitable as countries find this is the only way they can fund the demands of an ageing population. The present pay-as-you-go pension systems, which just about work if there are four or five people of working age to every pensioner, cannot work if there are only two-and-a-half workers for each pensioner. Encouraging people to save more for their old age via established occupational pension schemes is one way of ensuring this circle, but there will always be people left out of such schemes.

In much of continental Eu-

rope funded pension schemes hardly exist, while even in the UK only about half the population is a member of one. Some kind of funded scheme offered by the state and backed by compulsory saving seems the obvious way of making adequate provision for people.

Thoughtful politicians are well aware of this. Tony Blair praised the Singapore Central Provident Fund, though he was careful to explain that such an idea was not necessarily directly transferable to another country. But Labour MP Frank Field has developed his own model, a state-run funded pension, and Tony Blair is known to be interested in this idea.

In one sense this is not a British problem; we are almost unique in that our social security fund is close to actuarial balance. Thus there is not the grinding financial imperative that faces many other countries. But one key reason we do not have large unfunded pension liabilities is that our basic state pension is very low. So there is a powerful social case in that a compulsory savings scheme linked to a supplementary pension would mean that more people had a decent

ECONOMIC VIEW
HAMISH McRAE

standard of living in their retirement. So Britain is an ideal country in which to launch such a scheme. Elsewhere, forcing people to save money for pensions, in addition to paying into a social security fund, smacks of deceit. In Britain it could come as a top-up scheme.

To say all this is not to sug-

A compulsory savings scheme would build large sums of money, in relation to GDP, quite quickly

gest that in 25 years all developed countries will have something on the lines of the Singapore system. Singapore has £28bn in its Central Provident Fund; gross that up by population and a British scheme would have more than £500bn. That is an almost unthinkable big number: the total market capitalisation of the all the companies on the London Stock Exchange is £900bn, so the state would be owing, on

our behalf, more than half of the shares of all quoted companies. That would be a real stakeholder economy. But the numbers point to the difficulty. One can do things in a small country like Singapore which one cannot do in a large one. That is why the growth of the "tiger" economies of East Asia, depending on exporting a large

proportion of output to Western markets, cannot be replicated in mainland China. Let's assume, though, that we were to bring in a compulsory savings scheme based on 5 per cent of wages and salaries. That would bring in roughly £25bn a year. Let it run for 10 years, and in compound interest, and if the markets performed reasonably the capital value could indeed be about £500bn.

True, after 10 years the total market capitalisation would be larger, and arguably one might have to build up to the full 5 per cent levy over a period of years, but you see the point. A compulsory savings scheme, even at a quite modest level, would build large sums of money quite quickly - large sums in relation to GDP (at present £750bn) and large in relation to present market capitalisation. Not all the money would need to be invested in equities, for some could go into fixed-interest securities and perhaps into property; some could be invested abroad. But suppose other countries also started similar schemes.

Would they be under the same performance criteria as their private sector cousins? If they performed significantly worse, would the savers have grounds to complain or seek a change in management? Or perhaps all fund management would be contracted out to professionals from day one, creating a vast new business opportunity, akin to that created by privatisation, but affecting the fund managers rather than the corporate finance people.

Thinking about it, it would almost certainly be wise for governments to distance themselves from the fund, partly to increase confidence in the apolitical nature of the scheme, for politicians have no comparative advantage as fund managers, partly to avoid being directly responsible for investment policy. So there would certainly be opportunities for the financial services industry.

Could this happen? Why not? It is logical and rational. There are functioning models already. It is no more radical in concept than mass privatisation and less radical than the creation of the post-war welfare states. And once one established Western democracy launches such a scheme, expect others to follow. It is an idea that could sweep the world.

COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
AG Barr (F)	101m (88.0m)	4.8m (6.7m)	15.31p (23.70p)	8.2p (7.8p)
Callson (F)	1.11m (0.41m)	-1.58m (-1.05m)	-2.9p (-2.9p)	nil (4)
Ellis & Everard (F)	293m (243m)	13.0m (10.5m)	10.4p (8.3p)	3p (2.7p)
Inspection (F)	356m (210m)	7.86m (4.50m)	18.30p (20.81p)	3.5p (2.8p)
Heath (F)	28.8m (18.7m)	3.54m (2.08m)	23.55p (14.12p)	5.5p (4.6p)
Williamson Tins (F)	14.9m (22.5m)	3.15m (5.27m)	61.01p (104.66p)	10p (10p)

(F) - First (F) - Fourth (M) - Nine months

IN BRIEF

BTR makes \$60m acquisition

The rationalisation of BTR's global portfolio of businesses continued yesterday with the acquisition of Metalurgia Carto, a Brazilian manufacturer of electromechanical components for the car industry. The company's products include column switches, lights, power door locks and window lifters. BTR did not say how much it paid for the company which had sales last year of \$60m.

Graseby wins £1m US Army order

Graseby, the electronic instruments group, has won a £1m order from the US Army for its chemical detection equipment known as Acade. The system can be fitted to tanks to allow personnel to stay in the safety of the vehicle while harmful chemicals in the atmosphere are detected. Orders have also been placed with two other competitors, from a tender that at one stage involved over 100 potential suppliers. Long-term orders will be placed with a single supplier in the second half of 1996.

Glaxo launches \$500m bond

Glaxo Wellcome has launched a \$500m fixed-rate bond issue to repay debts and raise cash for general corporate purposes. Lehman Brothers and JP Morgan are the joint lead managers for the issue.

Trading ahead at Severfield

Specialist engineer Severfield Reeves said trading was materially ahead of market expectations. It added that prospects for the current year to December 1996 were considerably better than could have been foreseen a few months ago. The shares closed 17p higher at 177p.

Treatt profits surge 76%

Essential oil blender Treatt reported a 76 per cent rise in pre-tax profits for the year to September from £2.02m to £3.54m as strong demand continued to push up prices. Treatt buys oils well in advance to secure supplies and half the profit rise came from stock profits. As a result of the buoyant results, the final dividend was increased 22 per cent to 5.6p. Sales to the Pacific Rim were especially strong and that part of the world is expected to be Treatt's biggest growth area. A sales office has been opened in Singapore to exploit the opportunities in Asia.

McCorkell quits Meggitt board

Meggitt deputy chairman Nigel McCorkell has resigned from the board. The group said Mr McCorkell, who had a three-year service contract, was responsible for the disposal programme which was largely completed with the recent announcement of the sale of seven non-core companies. Meggitt designs and manufactures aviation instruments and equipment for the aerospace and defence industries.

Packaging costs hit AG Barr

AG Barr, maker of Irn-Bru and Orangina, was hit by higher packaging costs and increases in the price of sugar last year. Pre-tax profits slumped from £6.65m to £4.58m in the year to 28 October, despite a rise in turnover from £88m to £101m. The profits were struck after an exceptional charge of £1.42m to cover the centralisation of Scottish production facilities at Cumbernauld. But AG Barr also said the supermarket price wars had prevented the recovery of more than a small proportion of higher costs.

German housing slump hits Redland and RMC

TOM STEVENSON
City Editor

Bricks and roof tiles group Redland warned yesterday that a continuing slump in the western-German housing market, from which it earns about half its operating profit, would mean 1995 profits below expectations. Its shares, which have underperformed sharply over the past year, slipped 7p to 381p.

The announcement came ahead of meetings with analysts later this week to discuss last year's trading and prospects for the current year. Although analysts had expected the news from Germany to be poor, yesterday's announcement also hit RMC, the concrete company that also earns a large proportion of its profits in that market. RMC fell 31p to 935p.

Brokers, who had expected profits to edge ahead from £373m in 1994 to about £380m,

yesterday scaled back their expectations to between £360m and £365m. Profits this year are forecast to be of the same order, justifying the decision early last year to cut the dividend by a third.

After a small fall in the first half, the German housing market fell more sharply in the second six months. During the year as a whole, roof-tile volumes were 10 per cent down and analysts now expect a further 12 per cent slide this year. In acknowledgement of the decline in the market a program of cost cutting has been implemented and profits for 1995 will suffer from a £5m hit to pay for redundancies.

Germany was not the only poor market last year. France was also hit by industrial action following on from political uncertainty leading to lower construction activity.

On UK trading, the compe-

ny said: "As reported in our interim statement, volumes were satisfactory in the first quarter of 1995 but showed a significant decline in the second quarter. In general, market conditions continued to weaken in the second half with volume falls a little greater than in the second quarter."

In 1995 as a whole, volumes of Redland's aggregates and other downstream products registered declines of between 7 and 13 per cent. Bricks were 14 per cent down and concrete roof tiles were 4 per cent lower.

The only bright spot appeared to be pricing, where the increases pushed through in the first half of the year were largely held. Engineering bricks, accounting for 16 per cent of volumes, saw price falls, however, and the annual end-of-year brick-production shut down was extended to keep supply in line with lower demand.

MAGNUS GRIMMOND

McBride, the own-label detergents group chaired by Grand Metropolitan's Lord Sheppard, shocked the stock market yesterday after issuing a profits warning just six months after its flotation. The shares tumbled 37p to 148p when the company warned that production problems and higher raw material costs would hit profits this year.

Brokers cut their forecasts from between £30m and £40m to around £24m after the announcement and said that sentiment would be affected.

Richard Allan of Kleinwort Benson described the news as "a substantial disappointment. I think it will take some time for management to rebuild credibility generally." However, he said most of the problems appeared to be behind the company, which was now enjoying double-digit volume growth.

McBride said abnormal costs of up to £4.5m had been incurred in the first half, while margins for the year would be down by between 0.5 and 1.0 per cent. The squeeze came following the steep and rapid rises in raw material and packaging costs which started late in 1994. The company had predicted a slowdown in the cost increases, which, when combined with selective price increases, had been expected to restore margins during the first quarter of this financial year. In fact, although the slowdown in cost inflation had occurred, it had been delayed into the second quarter and margins were squeezed for most of the first half as a result.

McBride estimated that the net effect of the raw material and packaging cost increases would hit margins to the tune of between a half and one per cent for the year as a whole.

On top of that, the company was hit by production problems with new products made at its textile-powder plant at Barrow and a major capital project at Middleton. McBride makes Safeway's new Cyclon own-label detergent and Sainsbury's Novon 2000, an upgrade of its existing washing powder, both of which were launched in the autumn. Together, the problems gave rise to a number of abnormal production costs and, with associated additional costs, amounted to between £4.0m and £4.5m, which will impact the first half figures. However, the plant is now operating at full production.

The company, which was a £275m management buy-out from BP in May 1993, came to the market last year 188p a share, valuing the company at £329m. Last October the company warned that costs were putting pressure on margins.

McBride gives profits warning six months after flotation

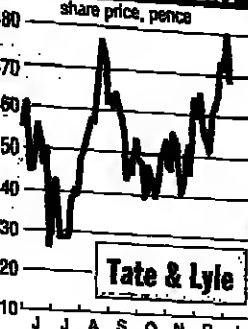
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DATA BANK

FT-SE 100
3720.6 +16.1
FT-SE 250
4080.1 +8.9
FT-SE 350
1848.5 +7.1
SEAQ VOLUME
572.3m shares,
33,444 bargains
Gifts Index
95.23 -0.12

SHARE SPOTLIGHT



Rolls-Royce flying high as another peak is reached

TAKING STOCK

Shares stretched to another closing peak with Rolls-Royce, the best performing blue chip, flying high on hopes that a big Far Eastern order will be announced today.

The aero engine group climbed 7p to 195p - a 12-months peak - as the stock market ran with the story that Malaysian Airlines is due to order Rolls-powered Boeing 777 aircraft. It is estimated the Boeing-Rolls deal could be worth £2.5bn.

Malaysian Airlines has in the past followed in the footsteps of Singapore Airlines, which recently settled for 777s with Rolls engines.

The aero group could also benefit from expected aircraft orders from the Philippines and South Africa.

The rest of the market turned in a steady performance on what, in effect, was its first fully operational day of the new year.

It managed to accommodate a profit warning from the Redland building materials group and the anxiety of a late opening by a snowbound Wall Street.

After a hesitant opening, New York moved ahead, encouraged by hopes that the US budget stalemate will soon be resolved, followed shortly afterwards by another interest rate cut.

Rudland slipped 7p to 381p, pulling RMC down 11p to 935p and Blue Circle Industries 10p to 337p. McBride, the detergent maker, continued its sad market career, slumping 37p to 145p on a disappointing trading statement.

Whatman, the biology and environmental group, fell 40p to 385p on a profit warning but Lloyds Chemists, a long-time bid candidate, added 10p to 289p in response to a trading report.

Tate & Lyle, the sugar group, was hit by a profit



MARKET REPORT

DEREK PAIN

Stock market reporter
of the year

downgrading by Credit Lyonnais Laing from £331m to £308m and from £363m to £348m. Even so, the securities house believes the shares - down 10p at 469p - are a buy.

Others lower included Acorn Computer, off 25p to 212p, on profit taking and Frost, the petrol retailer said to be suffering from squeezed margins in the battle of the forecourts. The shares reversed 19p to 173p.

Oils, however, pushed higher as the sudden outbreak of winter in the US hardened the crude price and one US fund was said to be switching into oils out of technology stocks. British Petroleum added 10p

to 549.5p and Shell 11.5p to 877.5p. Enterprise Oil put on 10p to 394p. But insurers were uneasy at the prospect of a possible rush of US claims.

Courtauld, the chemical group, gained 10p to 437p, apparently in belated response to an SBC Warburg buy recommendation last week.

Agro Wiggins Appleton improved 8p to 189p allegedly on Cazenove support.

Utilities were mixed. Seaboard brightened 5p to 532p as Whitehall cleared the £1.6bn bid from the US group Central & South West. South Wales Electricity edged ahead 4p to 948p as Barclays de Zoete Wedd declared a 5.1 per

cent stake under the market maker disclosure rules. Welsh Water, bidding for SWE, was little changed at 741p.

Zeneca dipped 12p to 1,253p, with ABN Amro Hoare Govett saying the shares were overvalued and without a bid, which it regards as unlikely.

Eurotunnel had another distressing session, sinking 5p to 83p on growing worries that Japanese banks will refuse to support the latest round of refinancing.

Allers, on the surprise arrival of LVMH, the French luxury goods group, with 2 per cent interest, jumped 14p to 184p. Rumours of a strike for the department store chain, which also has extensive duty free interests, have been circulating for some time.

Geest added 4p to 210p as its banana sale was approved, leaving the group looking ripe for a bid, and retailer Pet

City's remarkable run continued with the shares 27p to 437p against the 300p flotation price.

Cobham, the expanding aerospace business which used to be known as the FR Group, advanced 13p to 495p. It met 15 institutions yesterday and is set to meet analysts tomorrow. The group acquired Westwind Air Bearings, a maker of spindles for machine tools, in November for £75m.

Lombard attracted support, up 7p to 191p, on speculation it will accompany Thursday's results with details, or at least indications, of the long suspected break up.

The group is rumoured to be planning to split its mining and some of its African operations into a separately quoted company. The hotels and other leisure interests would be retained with the garage businesses in this country and other odds and ends sold off.

Firth Holdings, the old GM Firth, hardened 2.5p to 40.5p, highest for five years. The gain reflected more share buying by SRI Inderjaya, a Malaysian investment group. It acquired 1 million shares (1.5 per cent) last week, lifting its interest to almost 8.5 per cent.

Sir Alan Thomas, the former arms procurement chief at the MoD, has revitalised Firth, a steel group, since moving in last year. The Malaysians, who have nearly doubled their stake since July, are not Firth's only fan. M&G recently lifted its stake from 8.9 per cent to 14.9 per cent.

Polypipe, which should be benefiting from the recent big freeze, is attracting take over speculation again. The shares climbed 5p to 190p, a new 1995/96 peak.

Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Source: Firstst.

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Market leaders: Top 20 volumes

Stock	Volume	Stock	Volume	Stock	Volume	Stock	Volume
British Gas	800000	Harrold	60000	BT	400000	BT	300000
ASDA Group	600000	Barclays Bank	50000	BT	400000	BT	300000
British Airways	500000	Barclays Bank	50000	BT	400000	BT	300000
British Airways	500000	Barclays Bank	50000	BT	400000	BT	300000
British Airways	500000	Barclays Bank	50000	BT	400000	BT	300000

FTSE 100 index hour by hour

Open 3700.00	11.00 3714.50	12.00 3714.50	13.00 3714.50	14.00 3714.50
11.00 3714.50	12.00 3714.50	13.00 3714.50	14.00 3714.50	15.00 3714.50

Banks, Merchant

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Retail

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Insurance

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Diversified

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Engineering

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Chemicals

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Food

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Textiles

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Pharmaceuticals

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Media

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Leisure

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Life Insurance

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Investment

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Government

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Index

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Unlisted

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Short

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Medium

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Long

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Rights

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Recent

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Issues

Stock	Price	Chg	Vol	Price	Chg	Vol
Barclays Bank	289.00	+10.00	10000	Barclays Bank	289.00	+10.00
HSBC Bank	289.00	+10.00	10000	HSBC Bank	289.00	+10.00
Bank of America	289.00	+10.00	10000	Bank of America	289.00	+10.00

Banks, Shares

234	125	Dow Jones	125	+7	41	64	2851
234	125	Euro Stoxx	125	+12	41	64	2851
234	125	European Ctr	125	+4	29	203	5872
234	125	Nickel	125	-	64	17	2885
234	125	Holroy	125	+4	36	17	2810
234	125	...	125	+4	43	159	2897

unit trusts/data

Fair
failing
head

area's foot

Cigar

RESULTS

100 Largest Insurance Funds

Foreign Exchange Rates

Country	Spot	1 month	3 months	DOLLAR	1 month	3 months	D-MARK	Spot
US	1.5499	15.11	15.11	1.000	0.5	0.5	0.0000	0.0000
Canada	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Germany	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
France	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Italy	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Spain	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Sweden	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Switzerland	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Netherlands	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Belgium	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Australia	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
New Zealand	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
South Africa	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Singapore	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000

OTHER SPOT RATES

Country	Spot	1 month	3 months	DOLLAR	1 month	3 months	D-MARK	Spot
Argentina	1.5499	15.11	15.11	1.000	0.5	0.5	0.0000	0.0000
Brazil	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
China	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
India	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Japan	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
South Korea	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Taiwan	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Thailand	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Philippines	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Malaysia	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Indonesia	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Maldives	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Myanmar	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Nepal	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Pakistan	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Sri Lanka	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Tanzania	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Zambia	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000
Zimbabwe	2.2071	22.07	22.07	1.000	0.5	0.5	0.0000	0.0000

Tourist Rates

1 Buys		8 Buys		1 Buys	
France(Dollars)	20200	France(Francs)	74000	New Zealand(Dollars)	23000
Austria(Schillings)	15000	Germany(Marks)	24700	Norway(Kroner)	9500
Belgium(Francs)	443000	Greece(Drachmas)	3640000	Portugal(Escudos)	224000
Canada(Dollars)	20500	Hong Kong(Dollars)	37300	Spain(Pesetas)	182000
Cyprus(Pounds)	36975	Iceland(Dollars)	09400	Sweden(Kronor)	10100
Denmark(Krone)	84000	Italy(Lira)	24063000	Switzerland(Francs)	17000
Finland(Marks)	24300	Japan(Yen)	1610000	Turkey(Lira)	823000000
Holland(Gulden)	68000	Mexico(Peso)	09400	United States(Dollars)	15500

sport

The English club scene does not need radical surgery. Players just need to do what they are already doing, but rather better

By all accounts, this has been anything but a good season in English rugby. The way they tell it, you have to feel sorry for all those television experts, former players and rugby correspondents who have each and every Saturday afternoon ruined as the First Division clubs systematically destroy the sport.

Leicester's win at Bath on Saturday – only the fourth there by a visiting side in the history of the league, remember – was roundly rubbished, especially by the grand figure of Norman Hadley on *Rugby Special* on Sunday afternoon.

The fashion, the view seems to be that the English club scene is a desert – devoid of ambition, genuine competition, skill, emerging talent, ideas, facilities or hope for the future. Leicester's win was a disgrace. We

will never compete with the Southern hemisphere at this rate, will we? We will never have a game into which millions will be eager to pump its millions; never have decent grounds or decent games played upon them this way, will we?

Well, certainly not just yet, but we should not be without hope. Let us begin in the middle – the pitch – where the evidence of a wandering watcher, armed with his satellite dish for home comfort, is that more sides are at least trying to play Jack Rowell's much-vaunted "dynamic" game than at any time in the past five years. In the First Division, only Leicester (whose forwards are too far ahead of their backs), Bristol (who are not very good) and Gloucester (even worse) have seldom tried to set a decent pace. Even West Hartlepool

have stuck to their principles, despite their parlous position.

Of the others, Bath have often taken the game to a different level (their first half-hour at Harlequins earlier in the season was simply dazzling, for example). Wasps and Saracens, who have met in two of the faster games of the year, have tried, while Sale have been a constant joy whenever (and it has not been often enough) the cameras have been on them.

Which leads us to Saturday's game at the Rec, and the scathing comments of the experts. Good grief, here are Leicester, desperate to close ground on Bath, with that front row, that man in the second row, that giant in the back row, playing against the most mobile, flexible side in the league on a pitch



HUGH BATESON
on rugby

where rice would grow happily, and they are expected to fling the ball about. It would not happen in Auckland and it was never going to happen here.

At the same time in north London, by way of diversion, Wasps were

beating Saracens. Nothing unusual there, of course, except that they really should not have done. Saracens, no longer the poor relations but still, in the best possible sense, the most inhospitable place for a visiting side, created a real variety of chances in the first half – all through vibrant movement and invention – and but for letting the last pass go astray would have won. Add in yesterday's little signing and a lot more work on the practice pitch, and they would have done.

The point is that the English club scene does not need radical surgery, the players just need to do what they are already doing rather better.

A seriously competitive league helps that, of course, although I do not suppose many Bath players feel it is a soft division just at the

moment. But even if it were, it is not going to stay so for long. Picture the top of the First Division in three years' time (just before the next World Cup). Bath are being challenged not just by Leicester, Harlequins and Wasps but also by Northampton and Newcastle, with Sale (now firmly connected to Manchester United) and the newly housed and financed Saracens breathing down their necks. Where are the easy games?

That will, in turn, harden the younger players. Not that we are totally devoid of them now. Back to Southgate on Saturday. The match was marketed (posters around the area and on sale in the clubhouse afterwards) as "The Crunch" between two back-row forwards, Anthony Diprose of Saracens and

Lawrence Dallaglio of Wasps. Both are 23. Saracens also relied heavily on their brilliant open-side flanker Richard Hill, who is 22, while perhaps the decisive figure in the match was Andy Gomarsall, the Wasps scrum-half, who is 21. All are involved with England squads.

This does not mean that everything is going as smoothly as a Leicester line-out. Of course, there are bad games – there always have been, and always will be. A personal grouse is the apparent fixation with the short-side: Toulouse's wonderful second try on Sunday shows what width can achieve. But at club level, the signs seem to be the non-coaching eye to be better than they were. And for England? That is another story altogether.

Alan Watkins is on holiday

Bisham boys becoming men

Such has been the casualty rate among fledgling British tennis players that the sight of one placed as high as No 3 in the world junior rankings was bound to cause much blinking and rubbing of eyes.

It was not a blip on the International Tennis Federation's computer. Martin Lee, a left-hander from Worthing, Sussex, who marks his 18th birthday on Saturday, did indeed end 1995 in that exalted position.

A sense of proportion is recommended, however. We should bear in mind in particular what befell James Baily immediately after the Hampshire player became the last Briton to be hailed as a prodigy on the strength of winning the Australian Open junior singles title on the eve of his 18th birthday in 1993.

Given a clear indication of how ludicrous media expectation can be – he was asked by a radio interviewer how it felt to be called the next Fred Perry – Baily wilted when attempting to make a transition to the rigours of the professional tour and was quickly lost to the game.

Baily was not the only British junior to make an impression in Melbourne on that occasion. The 15-year-old Jamie Delgado was a semi-finalist, reviving memories of the hyperbole from some quarters which accompanied his victory in the Under-14 Championship at the Orange Bowl in Florida towards the end of 1991.

Delgado, although diminutive for the power-driven modern game, continues to work in the hope of breaking clear of the satellite and challenger circuits. He stands at No 18 in Britain and No 562 in the world.

It was evident three years ago that Baily and Delgado had benefited from travelling together for junior tournaments during an eight-month period prior to the Australian Open, when

With a Briton rated at No 3 in the junior world rankings and a clutch of promising players, British tennis is at last emerging from its dark age. John Roberts reports

both were coached by Stephen Shaw. Delgado made the point that they worked as a team. Baily adding that they fed off each other's progress.

Perhaps the most encouraging aspect of Lee's elevation is that he has not advanced in isolation, but is symptomatic of a general improvement in the standard of the nation's junior boys.

Lee, it may be remembered, won last year's Wimbledon boys' doubles title in partnership

'Even in the final of the juniors they looked like two little boys playing two men'

with James Trotman, a 16-year-old from Ipswich. The Under-14 squad of Simon Dickson, Mark Hilton, Nick Greenhouse and Alan Mackin won the World Junior Team Championship in Japan and the European Team Championship in Spain, and Dickson, from Stockport, was runner-up at the Orange Bowl.

These players, and others in the junior system, are showing promise at an opportune time. The men's game in Britain appears to be on the up, the arrival of the Canadian-born Greg Rusedski coinciding with confirmation that Tim Henman, the national champion, is an international contender of genuine potential (both are in the world's top 100).

David Lloyd has imbued the Davis Cup squad with optimism and, in an endeavour to secure a better future, the Lawn Tennis Association's training and development department has been streamlined specifically for the professional game with the intention of plugging holes through which many a prospect has disappeared.

At grass roots, the emergence of Lee and his fellows reflects well on the Rover LTA School at Bisham Abbey, although nurturing talent has proved to be a slow, difficult process. "Eighteen months ago I was so frustrated I felt like jumping off the end of the bridge," admitted Ian Barclay, who coaches the Bisham boys. "We virtually hadn't achieved anything in the first two and a half years."

Barclay, of course, ranks among an elite group of mentors who have experienced the thrill of a protégé's triumph at Wimbledon. Pat Cash offering his thanks in spectacular fashion in 1987 by clambering over spectators to embrace the coach.

Back on his home territory to coax the British boys through junior events leading up to the Australian Open, which starts next Monday, Barclay recounted the gradual change of fortune which emanated from the courts of Bisham.

"If all started in January last year, when Simon Dickson won his first international tournament," he said. "Then one thing led to another, and they all started winning. It's the same old story: it's as easy to catch the winning disease as the losing disease."

"Martin Lee started to win tournaments which I thought



Happy together: Martin Lee (right) and James Trotman point to a bright future by winning the Wimbledon junior doubles title Photograph: Allsport

beyond his ability, and he kept doing it. He just kept getting better and better and working harder. Unfortunately, James Trotman was out for six months with glandular fever, so that put an end to that. And the previous 14 months he'd had stress fractures in both feet. We'd had all sorts of problems."

Trotman, having recovered from Wimbledon, continued his progress by winning the national Under-18 title, in Lee's absence, at Nottingham in August and reached the third round of the juniors at the United States Open in September.

"We have three boys at the school who are world class," Barclay enthused. "You don't say that unless they've really proved

themselves. They've been giving away age and strength every tournament and still coming up. So I was sort of staggered, but not foolish enough to say that we're anywhere near there yet."

Although Barclay had heard that British players tended to be late developers, he was astonished to discover the extent to which it was true. "I think British kids are still growing when everybody else has finished," he said. "I think some of our boys are still growing at 18. It could be 20, which is most unusual. They are trying to catch up all the time, and junior tennis is getting tougher and tougher."

"All the boys, except for Simon Dickson, were very immature,

physically and mentally. They seemed to be light years behind the Europeans and the rest of the world. The Europeans are just huge. There are guys in the Under-14s this year well in excess of 6ft 2in and 6ft 3in."

"Martin and James are just on 6ft tall and weigh 10st something. They're playing guys who are 12st and 13st every time they walk on the court, so they've been out-powered and out-physiqued. Even in the final of the Wimbledon juniors, they walked out looking like two little boys playing two men."

"It's something we've had to put up with and tried not to worry about. It's the way you handle it. It's a matter of being patient. In the past, everybody's

been trying to sprint before they could crawl. There's no way my guys will do that. I've said to them that it's so much better to be king of the junior palace before you move into the senior palace. It means then that you'll always be the kids' peers, and anything that comes from underneath you is never going to be a worry."

"What used to happen with the British boys, because they were unsuccessful most of the time, is they'd have one flash-in-the-pan win and then disappear. The way I've always worked is that you stick in there, and if you're No 1 seed you've got to hear the brunt of the pressure, and that's what Martin's got to do. He was No

1 seed in tournaments in America and he handled it very well, but he's got to learn to handle it on a day-to-day basis."

The self-belief and self-motivation Barclay is aiming for would be apparent the moment his pupils stepped on a court – "it's like putting a sprinter in the stable with a draught horse" – and he is certain that this is the bonus of success as juniors.

"There are no short cuts, it's just a matter of getting out there and doing the work," he said. "We've done so much travelling I don't think they'd even recognise their parents, and I think if they went home their dog would bite them."

Crueller reactions have been known.

Questions of Sport

£40,000 to be won



Today we are giving you another sporting chance of an instant win.

In Saturday's paper, and Sunday's Independent on Sunday, there was a Questions of Sport multi-choice scratch card each of which, if you answer three sporting questions correctly, gives you the chance of an instant cash prize from £1 to £1,000.

You don't have to be an obsessive fan to play – a good general sporting knowledge should suffice. But remember, you only get one chance to answer each question, so if you are in any doubt, check it out.

The card contains eight games so you can play daily through to Friday 12 January

And as well as the daily instant cash prizes there is a weekly accumulator prize of £5,000

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HOW TO PLAY

Today we are playing the section of the card dated Tuesday 9 January. Below are three sporting questions, each with three possible answers coded as A, B and C. Scratch off your answer to Question Thirteen, either A, B or C in the Q13 column then repeat for Q14 and Q15.

THE QUESTIONS

Q13 In Test Cricket, who is England's highest total run scorer?

A: Graham Gooch
B: David Gower
C: Geoffrey Boycott

Q14 Which snooker player is known as 'Whirlwind' because of the speed of his play?

A: Alex Higgins
B: Stephen Hendry
C: Jimmy White

Q 15 In which sport might you score a Strike or a Spare?

A: Ten-pin bowling
B: Curling
C: Ice hockey

RULES

1. No purchase necessary. Cards are freely available from newsagents or by sending a large size to: Independent Questions of Sport Card Request, PO Box 41, Blackburn X, BB2 6AG. One card per request.
2. The prizes for each game will be awarded to the player or players making a successful claim.
3. All claims are subject to scrutiny and cards must be intact to be eligible for a prize. Cards with printing errors are void.
4. Winners must agree to the publication of their names and photographs in The Independent and The Independent on Sunday.

IMPORTANT: Scratch off ONE letter only for each question.

If you reveal three identical cash amounts on any one section on any one day, you win that amount. After you have played the last game on your card, total the cash amounts you have revealed. If your total is £5,000 you win or share the £5,000 accumulator prize.

HOW TO CLAIM

If you have revealed three identical cash amounts of £10 or under, DO NOT PHONE. Take the claim coupon OR a piece of plain paper with your name and address on it PLUS the relevant section of the card to one of the newsagents listed below. For prizes over £10, phone 01254 683666 (Irish Republic 0044 1254 683666) between 10.30am and 4pm Monday to Saturday. Participating newsagents: WH Smith, John Menzies, Forbuys, Martins/RS McCall, Dillons, Gibbs, Macs, Superclips, United News Shops, Star News, K Balfour, Eason, GT News, Paperchain - Village Store, Paper Shop. If you have any difficulty redeeming your card and coupon for a prize send both to: Independent Questions of Sport claims, PO Box 60, Bumbley, BB10 1SH.

5. Should more prizes be claimed than are available in any prize category, for any reason, a simple draw will take place for the prize.
6. Persons under 16 years old, employees of Newspaper Publishing plc, Mirror Group, Europrint Promotions Ltd., Newspaper Publishing plc retail agents, their agents and families are not allowed to play.
7. The Editors' decisions are final in all matters relating to the games. No correspondence can be entered into.
8. Newspaper Publishing plc reserve the right to stop the game at any time and change the conditions.

THE INDEPENDENT

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SPORT

BISHAM BOYS TO MEN

John Roberts on the blossoming of Britain's tennis prospects

22

England begin their one-day endurance test

Cricket

DEREK PRINGLE
reports from Cape Town

It is the silly season in South Africa at the moment. The January sales are on and, for the moment at least, bargain hunters are even thicker on the ground than England cricket supporters. But even if popular items like burglar alarms and coat-hangers are all being reduced, there does not appear to be a similar curtailment to the amount of limited-over cricket England are about to play.

Such is the demand for the frenetic "everything must go" style of cricket here that today's day-night match at Newlands is merely the first of seven one-day internationals to be played over the next 14 days. This is the same amount of games that this year's World Cup finalists will have played by the time they get to the "big one", scheduled for 17 March in Lahore.

If it seems excessive – even the England captain thinks seven is too many and should not have been agreed to by the overseas tour committee at Lord's – it is a necessary by-product of the horse-trading that goes on to get overseas teams to agree

The England squad: who's come and gone

Staying

Mike Atherton
Alec Stewart
Robin Smith
Graham Thorpe
Graeme Hick
Jack Russell
Dominic Cork
Darren Gough
Mark Ramprakash
Richard Illingworth
Mike Watkinson
Peter Martin

Gone home

Angus Fraser
Devon Malcolm
Mark Ilett
John Crawley
Jason Gallien

New arrivals

Dermot Reeve
Phillip DeFreitas
Neil Smith
Neil Fairbrother
Craig White

England will have to whittle down the current squad of 17 to 14 for the World Cup in February and March

to play all the counties when they tour England.

However, with the amount of travel involved, both assignments will be hard work, though the World Cup – which takes place over four weeks and not two – at least affords some breathing space and the chance of allowing players to get over their aches and strains.

Unless the rain returns, there is little chance of that happening over the next fortnight. But while there is every indication that England will try to win the series, they will also "pick and mix" their players, using it to help finalise their World Cup squad of 14 which, under the

rules of that tournament, must be named by 22 January.

With that in mind, all 17 players – five of whom have arrived since Christmas – should get a game, though Ray Illingworth's preference for cricketers who are dynamic in the field may limit the appearances of Robin Smith, Mike Watkinson and Dermot Reeve, purely on the relative infirmity of their throwing arms.

England play enough of this type of cricket to be good at it on a regular basis. Unlike Test cricket, there is not the need actually to take wickets in order to win, and some of the batsmen can rightfully claim to be up with the best in the world when the spread fields allow loose techniques to go unpunished.

Despite that, and the fact that one-day cricket is often the crucible of innovation, England teams can often appear too stereotyped in their strategies and their players too obvious in their play. As long as everything goes according to a pre-determined plan, England usually win. But once a spinner is thrown into the works, there is little initiative or acumen to try to remove it by anything other than tried and trusted means.

This can work well against impetuous teams like the West Indies, but in South Africa England face a side with, if anything, even less madness in their method. At least, that was the case before the arrival of Paul Adams, who must be blooded if only to find out what fields he needs for the World Cup, where he could be a match winner for South Africa on the dusty pitches.

The rules for these one-dayers differ from those played in England. Apart from being



Darren Gough gets into the groove in Cape Town yesterday

Photograph: Alisport

played over 50 overs, there is a leg-side limitation of five fielders. In addition, the side bowling has to have two players in catching positions for at least the first 15 overs. Such restrictions, besides making it difficult for off-spinners, call for innovation and we should expect to see South Africa open with either Richard

Soell or Dave Richardson as a baseball-style pinch hitter, sent in specifically to take advantage of those fielding restrictions.

Michael Atherton tends to view such experiments as frivolous, though he may be forced to change his mind if England come unstuck against the tactic. However, because of the

sheer depth of batting on both sides, bowling at the death will be even more pressurised than normal and those bowlers who cope best on a regular basis could hold the key to the series.

England (First one-day international v South Africa, Cape Town, today: M.A. Atherton (capt), A.J. Cawston (wicket-keeper), G.A. Hick, G.P. Thorpe, N.H. Fairbrother, C. White, D.A. Brown, M.N.K. Smith, O.G. Cob, P.J. Martin, D. Gough).

Lynagh enrolls for Saracens

Mike Rowbottom sees the great rugby union stand-off sign for a spell in London

In his jacket and tie, Michael Lynagh looked as composed as the Great Gatsby yesterday as news of his forthcoming move to Saracens RFC was announced to a media scrum that degenerated into a rolling maul.

Confirmation that the record-breaking former Australian stand-off will join the north London club next season on a three-year contract invited a dazed speculation over transfers which might match its impact in other sports – Franco Baresi to Wimbledon, perhaps, or Michael Jordan to the London Towers...

But Saracens, for all that they are clinging uncertainly to their First Division status at the moment, have an ambition to become one of the foremost European clubs of the new professional era. That dream is given substance by the financial backing of their owner, Nigel Wray, a millionaire property dealer without whom Lynagh – whose legendary kicking helped him to a world individual points record of 911 in 73 matches for his country – would have remained the stuff of fantasy.

Only once did Lynagh, who retired from international rugby after last year's World Cup, appear flustered – when someone asked what his outspoken old mate David Campese would make of him throwing in his lot with the Poms.

"Oh well," he said, his mind momentarily scrambling. "I hope I'm not a constipated bull anyway." Campese, who is coming to this country next week with New South Wales, may or may not be kinder to his old stand-off than he was to Will Carling.

However, at 32, Lynagh is well able to withstand the bluster of Campo and any other Aussie who might want to have a go. Having played club rugby in Italy for the past five years with Treviso, he has thought out his next move carefully since Saracens – and two other Aussie clubs – contacted him in October. When he moves, it will be with his girlfriend, Isabella, whom he plans to marry once she has completed her degree in economics at Venice University.

"I'm not a person who jumps around all over the place," he said. "I have only had two previous clubs, in Queensland and Treviso. The decision to move to London is one I have not taken lightly."

He chose to play, and coach, at Saracens, having been won over by lengthy discussions with Wray. "We talked about sitting down after five, 10 years' time and saying 'It was good to be a part of that,'" Lynagh said. "I'm physically OK, and I'm playing all right. Retiring from international rugby was a great weight off my shoulders."

The exact timing of his arrival on the pitch depends upon the Rugby Football Union's special general meeting this Sunday. Although foreign players currently need 180 days' residence



Lynagh: six-figure deal

before they can play for English clubs, those with European Community qualification need only spend a week here. Saracens are hoping that Lynagh's Italian connection, not to mention his Irish grandmother and Scottish grandfather, will be pertinent.

In the meantime, Saracens, who plan to be playing in a new venue by September, are negotiating with Philippe Sella. They have also signed Robert Howley, the Bridgend scrum-half, and plan to secure the Irish flanker Eddie Halvey.

Lynagh's new deal is likely to bring him well above six figures. He isn't saying. But Lynagh's career prospects have clearly come into the equation, and we are not talking here about a job in the back office and all the beer he can handle.

"I have a property background in Australia," he said, "and Nigel's company just happens to deal in property, so some opportunities may present themselves there."

Not everything was sorted, however. "I'm looking forward to someone doing something about the weather," Lynagh said with a smile. Now that is something even Nigel Wray may find difficult to fix.

Warwickshire leave Lara out in the cold

Brian Lara will not be playing county cricket next season after Warwickshire yesterday opted out to re-sign him.

Lara asked to be released from his contract with Warwickshire, claiming he was exhausted, but has since changed his mind. "I have recharged my batteries and if a really good offer came in from an English county I'd be delighted to consider it," he said.

Warwickshire now hope to sign the South African fast bowler, Shaun Pollock. "We expect to hear from him in the next week or so, and he has indicated that he wants to join us," Dennis Amies, the Warwickshire chief executive, said.

That effectively leaves Lara open to offers, although his

agent, Jonathan Barnett, has ruled out the possibility of him playing for another county.

"Brian won't be playing county cricket next season," Barnett said. "We have a gentleman's agreement with Warwickshire about the 1996 season, and as far as I am concerned that agreement is going to be honoured."

Amies said: "We were led to believe there was no chance of him playing in England this year, but if there has been a change of mind the committee would have to discuss the matter."

Surrey, who hoped to sign Pollock, could go for Lara. "We are in search of a pace bowler," Paul Sheldon, their chief executive, said. "But we would have to look at all the options."

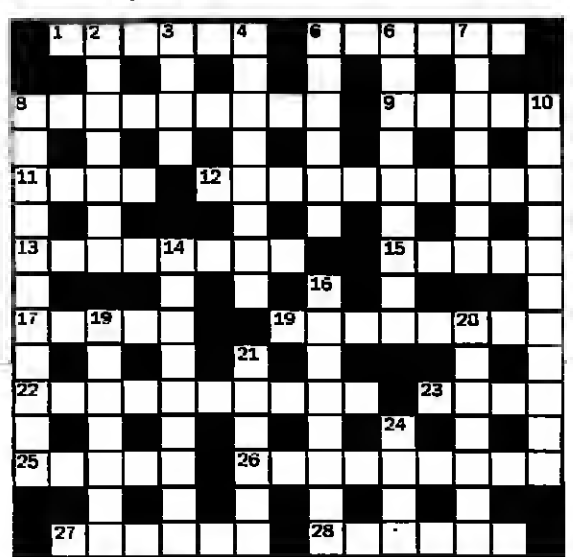
THE INDEPENDENT CROSSWORD in association with



No. 2578, Tuesday 9 January

By Aired

Monday's Selection



GRAPES VINE CYRUS
THURSDAY 10 JANUARY
THE INDEPENDENT CROSSWORD
SOLUTIONS
ACROSS
1. CHEMICAL RESULT OF SMOKING A JOINT? (6)
5. LOOK TO FIND GOOD CUT (6)
8. IS IT NECESSARY TO TAKE PICTURE OF GAUZY PLANT? (14)
9. OPPOSE ARGUMENT OVER POTATO? (5)
11. DO THIS? COULD APPEAR IN CREDITS (4)
12. AT LAST YOU COULD GET SO WEALTHY? (4-6)
13. CALL VICE DISGUSTING: IT CAN BE BROKEN (8)
15. PART OF BODY OF ELECTORS ORGANISED (5)
17. GRADUATE STUDY OF OLD PHILOSOPHER (5)
19. WISE MAN TAKES STEP INTO MODERN TIMES (5,3)
22. BEAR INADEQUATE ALLOWANCE WHICH IS A MISTAKE (10)
DOWN
2. THERE'S NOTHING TO TRANSPORT ONE IN A MUSICAL TOY (7)
3. MILITARY COMMANDER, HORRIFIED, LEAVES STREET (4)
4. TAKE JUMBO HOME FIRST: IT'S A PEST (8)
5. TALK WILDLY AS IT'S VERY BLACK IN STORM (6)
6. TEACH UNIT PROPERLY HAVING ESTABLISHED CREDIBILITY (9)
7. ONE WELL ACQUAINTED WITH WHAT'S AFOOT? (7)
8. CHEF'S BANNER COULD PROCLAIM WHAT HE COOKS? (6,5)
10. SUGGESTING CB HAM SHOULD SECURE EUROPEAN DIRECTION FINDER (5,6)
14. CANOING AIMLESSLY ROUND RIVER SHOW LACK OF KNOWLEDGE (9)
16. NOT BEHIND THE TIMES AND CAPABLE OF MEETING OPPOSITE SEX (2-2-4)
18. CHURCH ORGANISED VOTE TO KEEP ONE WHOM PASTOR LOOKS AFTER (7)
20. IT'S OK CALLING FATHER BACK TO GIVE DEMONSTRATION (7)
21. HIT BY SECOND Lorry (6)
24. OXFORD ENGLISH DICTIONARY'S SLIGHTLY MODIFIED POCMS (4)

ACROSS

1. Chemical result of smoking a joint? (6)
5. Look to find good cut (6)
8. Is it necessary to take picture of gauzy plant? (14)
9. Oppose argument over potato? (5)
11. Do this? Could appear in credits (4)
12. At last you could get so wealthy? (4-6)
13. Call vice disgusting: it can be broken (8)
15. Part of body of electors organised (5)
17. Graduate study of old philosopher (5)
19. Wise man takes step into modern times (5,3)
22. Bear inadequate allowance which is a mistake (10)

DOWN

2. There's nothing to transport one in a musical toy (7)
3. Military commander, horrified, leaves street (4)
4. Take jumbo home first: it's a pest (8)
5. Talk wildly as it's very black in storm (6)
6. Teach unit properly having established credibility (9)

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Uefa 'wrong' says Parry

Football

CATHERINE RILEY

Rick Parry, the Premier League chief executive, has told Uefa, football's European governing body, that it is wrong over its interpretation of the recent European Court ruling on the number of foreign players a team can field.

The court decreed, as part of the Jean-Marc Bosman verdict, the regulations illegal, but Uefa issued a statement saying that the "three foreigners rule" still stands. Parry goes to Brussels on Thursday to meet European Commissioners in an attempt to clarify the situation.

Sunderland fans unable to get a ticket for the FA Cup third-round replay with Manchester United will at least be able to watch the game live on television. The all-ticket Roker Park replay has been brought forward

24 hours to Tuesday 16 January for screening by Sky Sports.

Sheffield United, whose replay with Arsenal has been moved to Wednesday 17 January, will go into action with the Gunners knowing a television pay-day awaits. The BBC is to show the fourth-round match between the winner of the Bramall Lane game and Aston Villa on Sunday 28 January.

Sky's fourth-round game, which will be played the following evening, is between Queen's Park Rangers and the winners of the replay between Newcastle and Chelsea.

Everton could be boosted by the return of Daniel Amokachi for their Premiership match with Chelsea at Goodison Park on Saturday. The striker has been in limbo in Nigeria since his country withdrew from the African Nations' Cup.

Joe Royle, the Everton manager, said: "Our secretary

Michael Dunford told me Daniel was on his way back, but we don't know when. It's great news, but I won't believe it until I actually see him back here again."

Ian Bennett, the Birmingham City goalkeeper, has broken a bone in his hand and will miss tomorrow's Coca-Cola Cup quarter-final with Norwich.

Millwall's new Russian imports, Sergei Yuran and Vasil Kulkov, look set to make their debuts this weekend against Port Vale, although the pair, signed on loan until the end of the season from Spartak Moscow, are still waiting for full international clearance.

Queen of the South, struggling near the bottom of the Scottish Second Division, have sacked their manager, Billy McLaren, after their Tannet's Scottish Cup elimination by Queen's Park. Ian McCoskey has been named caretaker manager.

Sporting's two-minute game

Portugal is in uproar after one of their leading clubs were ordered to make a round trip of more than 400 miles for the sake of two minutes of football.

Calls for the resignation of the head of the Portuguese federation, Guilherme Aguiar, have followed the bizarre decision to stage what must be the shortest match in the history of the game following a floodlight failure during Sporting Lisbon's First Division match at Chaves on 30 December.

The lights went out in the 88th minute with the scoreline 1-1, but rather than declare a draw, or play the whole game again, second-placed Sporting must make the trip from the capital to the rural north-east to complete the remaining 120 seconds only 48 hours before Saturday's meeting with the league leaders, Porto.

Elizabeth Nash reports on the furore over a match cut short

Sporting, six points behind Porto, are furious at the decision, which was reached after a six-hour meeting. Santana Lopes, the club's president, said: "The referee made a mistake, it was Chaves' fault the lights failed and our players were attacked, but who is punished? Sporting."

The club claim that the referee called off the match after only 15 minutes instead of waiting the maximum 30 minutes. Such was the tension created by the premature end that two fans suffered heart attacks and died, while Sporting's goalkeeper was allegedly attacked

by home supporters taking advantage of the darkness.

Chaves, who are next to bottom, were keen to resume play the next day and showed up at the ground on the afternoon of New Year's Eve, but by that time Sporting had packed up and gone home.

Sporting are seeking clarification about Thursday's "game". Will they, for example, be able to change their team? They only had 10 players on the pitch when the match ended, as one had been sent off moments before the lights failed.

The fixture compounds a hectic period for the little chasers. Tonight they face Boavista at home in the Portuguese Cup and, to add to their problems, they have been unable to train in recent days because torrential rain has turned their pitch into a mudbath.

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